2004-2005

Expenditure Budget

Volume IV

Message from the Chair of the Conseil du trésor

and Additional Information

Québec

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2004-2005

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Message from the Chair of the Conseil du trésor
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Conseil du trésor
Québec

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FOREWORD

This volume begins with a message from the Chair of the Conseil du trésor that presents the highlights of the 2004-2005 Expenditure Budget. The chapters that follow provide further information on the Expenditure Budget and other information on related topics.

In addition to this volume entitled "*Message from the Chair of the Conseil du trésor and Additional Information*", three other volumes comprise the information on the 2004-2005 Expenditure Budget:

Volume I: *Estimates and Annual Expenditure Management Plans of the National Assembly and Persons Appointed by the National Assembly*

This volume contains information on the National Assembly and Persons Appointed by the National Assembly, i.e. the Public Protector, the Auditor General, the Director General of Elections and the Lobbyists Commissioner.

Volume II: *Estimates of the Departments and Agencies*

This volume presents the appropriations required by the government for the 2004-2005 fiscal year. It distinguishes between the expenditure budget and the capital budget. Appropriations are broken down by portfolio and program.

Volume III: *Annual Expenditure Management Plans of the Departments and Agencies*

This volume consolidates the annual expenditure management plans prepared by each minister as required by the Public Administration Act (R.S.Q., c. A-6.01). A summary of the expenditure budget by portfolio appears at the beginning of this volume.

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MESSAGE FROM THE CHAIR OF THE CONSEIL DU TRÉSOR

MESSAGE FROM THE CHAIR OF THE CONSEIL DU TRÉSOR

CONTROL PUBLIC SPENDING, INVEST IN OUR PRIORITIES AND MODERNIZE GOVERNMENT

A little less than a year has gone by since we took office. These first few months at the helm of government have given us a chance to assess the magnitude of the budget pitfall in which year after year of poor management of public spending have landed Québec.

Our predecessors exercised no real control over government spending, and we are now paying the price. Here are the numbers:

- *From 1999 to 2003, program spending increased by 15% in Québec, 9% in Ontario, and 13% in the other provinces.*
- *Our expenditures are higher than elsewhere and rising faster than in the other provinces, even though collectively we are less prosperous than other Canadians.*
- *Despite a zero deficit, the debt climbed by $16.4 billion. This debt represented slightly more than 44% of our gross domestic product – the highest level in Canada.*
- *In recent years, the previous government announced numerous programs even though the funding for them had not been determined.*

The budget pitfall in which we landed is easy to describe. Program renewal costs are mounting faster than budget revenue, which leads directly to deficits and deeper debt unless the necessary corrective action is taken.

The Expenditure Budget I tabled last year marked the first step in a turnaround that was absolutely essential. For 2003-2004, we set an ambitious objective in deciding to cut spending growth from 5.6% to 3.8%. This cutback in anticipated growth is one of the basic means of resolving the budget impasse.

With the 2004-2005 Expenditure Budget, we are continuing in the same direction:

- *We will control expenditures even more to reduce the increase in program spending to 2.9%.*
- *We will do so while adhering to our priorities, particularly health and education.*
- *At the same time, we are launching an action plan to modernize the government so that public services are closer to the people and more efficient, while taking into consideration taxpayers' capacity to pay.*

1. CONTROL OVER SPENDING

- THE OBJECTIVE OF THE 2003-2004 EXPENDITURE BUDGET IS MAINTAINED AT $45,800 MILLION

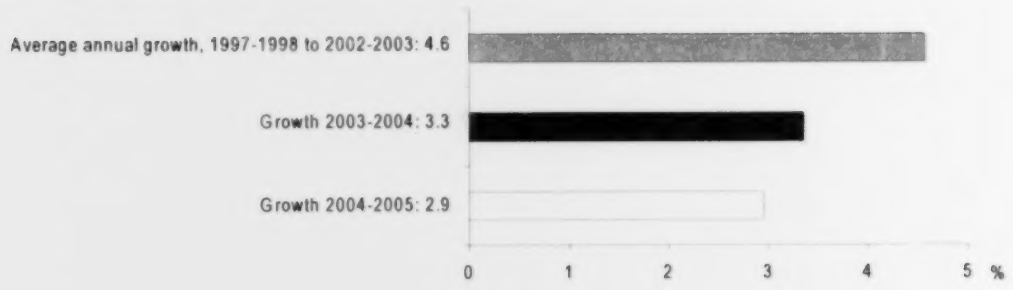
Control over spending is essential if we want to get out of the budget pitfall in which we are now caught.

For 2003-2004, the increase in program spending, originally forecast at 3.8%, has been adjusted to 3.3% over 2002-2003. Thus expenditures will total $45,800 million, as promised.

- EXPENDITURE GROWTH IN 2004-2005 IS LIMITED TO 2.9 %

For 2004-2005, today I am tabling an Expenditure Budget that calls for a 2.9% increase in program spending, with expenditures capped at $47,151 million. We will therefore again curb growth in government spending to regain control that the previous government had lost. This cutback is very important, because program spending increased by an average of 4.6% a year from 1997-1998 to 2002-2003.

GROWTH IN PROGRAM SPENDING SINCE 1997-1998



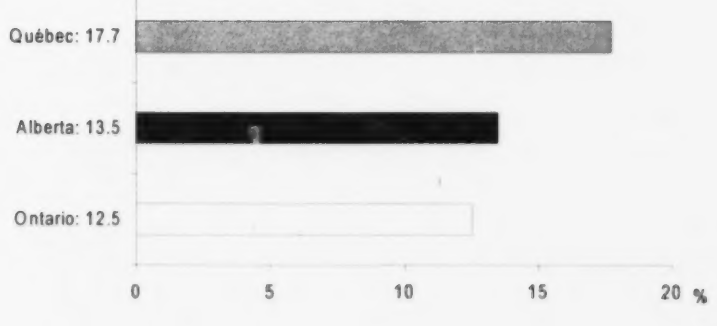
- *TRIMMING THE GOVERNMENT'S ECONOMIC WEIGHT*

I have complete confidence in our ability to attain that challenging objective. By limiting the growth in public spending to 2.9 %, we will continue trimming the government's economic weight. In 2004, growth in the nominal gross domestic product should amount to 4.3%. This means that, in one year, program spending's share of the gross domestic product will be reduced from 17.7% to 17.5%.

This share is still too high. In Ontario and Alberta, program spending respectively accounts for 12.5% and 13.5% of the gross domestic product. This heavy presence of government is the reason we pay among the highest taxes in North America.

We have to reduce the tax burden on Quebecers if we want to create jobs and strengthen Québec's economy. To make Québec more competitive and ultimately generate revenue to pay for public spending, the government is committed to reducing the tax burden on Quebecers to a level equivalent to the Canadian average. Control over public spending is an essential means of achieving that and, in the years ahead, I fully intend to carry on the effort made in that direction.

PROGRAM SPENDING'S SHARE OF THE GPD IN 2003-2004: QUÉBEC, ALBERTA AND ONTARIO

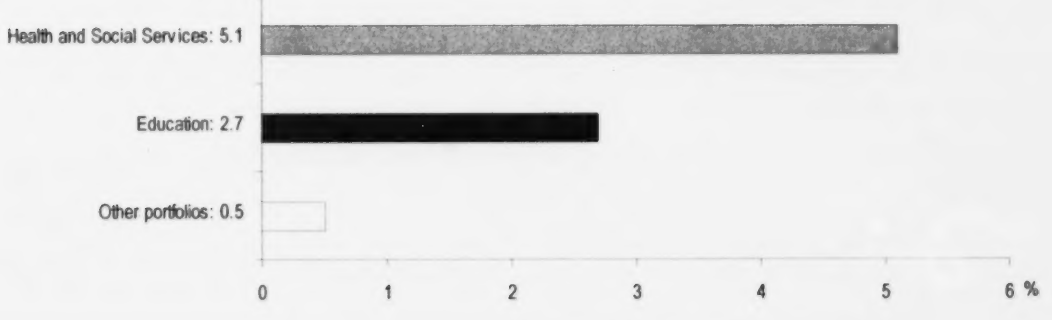


2. *INVESTING IN OUR PRIORITIES*

We will exercise this control over spending while adhering to our priorities. As we promised, government resources will primarily be allocated for health and education.

Thus today I am announcing that the budgets allocated for health and education will increase by 5.1% and 2.7% respectively in 2004-2005. The budgets of the other departments will be increased by 0.5%. In so doing, we are keeping the promises we made to the people of Québec.

GROWTH IN PROGRAM SPENDING BY ACTIVITY SECTOR IN 2004-2005



- *HEALTH AND SOCIAL SERVICES*

The budget envelope for the Ministère de la Santé et des Services sociaux is increased by $1 billion to $20.1 billion in 2004-2005. In fact, 72% of the increase in programming spending in 2004-2005 will be for health and social services.

This budget increase for health will be used to financing the rising cost of services, to add to the budget envelopes of establishments, and to implement new initiatives for meeting patients' needs.

My colleague the Minister of Health and Social Services will provide more details about these initiatives in the coming weeks.

- *EDUCATION*

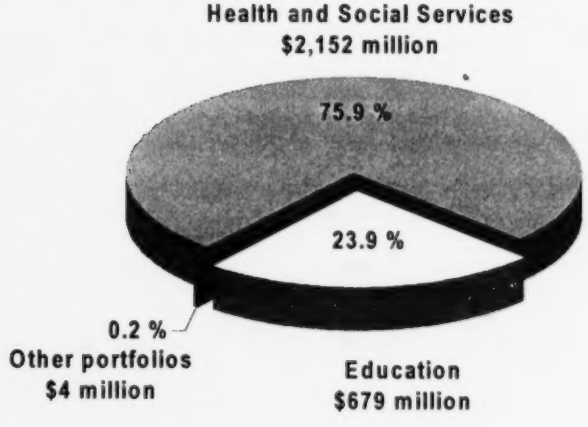
In the case of education, the department's budget envelope is being raised to $11.8 billion, which represents a $309-million increase in funding. Thus education will benefit from 23% of the total growth in program spending.

This additional amount will be used to finance the rising cost of services. It will also enable my colleague, the Minister of Education, to implement certain special initiatives aimed at reducing the school dropout rate, such as the Homework Assistance program and establishment of the Wellness-oriented School program.

- *$2,831 MILLION FOR HEALTH AND EDUCATION IN TWO YEARS*

Thus in two years, the government will have allocated $2,831 million more for health and education, including $2,152 million to restore our health system. This marks an unprecedented effort.

$2,831 MILLION REINVESTED IN HEALTH AND EDUCATION IN TWO YEARS



- *OTHER PORTFOLIOS*

The overall budget for the other departments will remain generally stable in 2004-2005. Some departments will receive budget increases due to special factors, such as the sharp rise in debt service in the Ministère des Transports budget, and the ongoing implementation of agreements with First Nations in the case of the Ministère du Conseil exécutif.

Furthermore, a number of new initiatives will benefit from additional funding.

— *Thus the budget of the Ministère des Affaires municipales, du Sport et du Loisir is increased by $15 million to provide better conditions for dealing with the housing crisis.*

— *The Conseil exécutif budget is $10 million higher to finance the Regional Youth Investment Fund.*

- *An amount of $15 million has been allocated to the budget of the Secrétariat du Conseil du trésor to begin the introduction of e-government. In addition to this amount, it will receive a $21 million capital expenditure budget.*
- *Moreover, the government is maintaining its support for culture by increasing the budget of the Ministère de la Culture et des Communications by 3.8%. Hence my colleague the Minister of Culture and Communications will have a budget raised to $531 million, or 1.1% of the Expenditure Budget. On top of this amount, there is over $80 million a year in tax relief granted for film and television productions, which will contribute to the tremendous success Québec is achieving by providing financial support for our cinematic artists.*
- *The budget for the Ministère de l'Emploi, de la Solidarité sociale et de la Famille will remain at basically the same level as in 2003-2004. My colleague the Minister of Employment, Social Solidarity and Family Welfare will, among other things, be able to count on additional funding for family support, which will enable him to ensure that the network of 200,000 places in daycare services will be complete in March 2006 as we promised.*

Furthermore, a number of departments will have to deal with budget cutbacks. Yet the planned initiatives for adapting the way they do things and improve their productivity within the context of modernizing the government will enable the services they provide to be maintained, without in any way detracting from the basic missions they carry out for the public and without any downsizing of their regular staff other than the results of attrition.

3. AN ACTION PLAN FOR THE FUTURE

The status quo has become impossible.

Modernizing the government seems inevitable if we want to meet the basic needs of the public under the best possible conditions while simultaneously considering taxpayers' capacity to pay.

In a few weeks, I will release the government's 2004-2007 Action Plan for Public Spending. Prepared on the basis of the initial results of the work on modernization that has been going on in departments and agencies since the summer of 2003, the plan will contain objectives and unveil a number of major initiatives.

The Action Plan will also follow up on one of the strategic directions adopted by the government in its Shine Among the Best action program. It will aim to modernize our management of public spending in the best interests of all Quebecers.

This action plan will revolve around four main objectives, namely

- *Better management of our human resources;*
- *A structural reassessment;*
- *A program review;*
- *Improvements to how things are done.*

It will be based on the modernization effort begun last summer.

- *EFFORT TO MODERNIZE GOVERNMENT*

On June 4, 2003, in his Inaugural Address, the Premier announced six major modernization efforts. This work respectively involved :

- *Revamping government structures and programs, under my supervision;*
- *Reviewing the government's methods of economic intervention, under the responsibility of the Minister of Economic and Regional Development and Research in association with the Minister of Employment, Social Solidarity and Family Welfare;*
- *Reorganizing health services, under the responsibility of the Minister of Health and Social Services;*
- *Examining the possibilities of decentralization and deconcentration, under the responsibility of the Minister of Economic and Regional Development and Research in association with the Minister of Municipal Affairs, Sports and Recreation and the Minister for Regional Development and Tourism;*
- *Refocusing the education system on pupils and students, under the responsibility of the Minister of Education;*
- *Simplifying and lightening the tax burden, under the responsibility of the Minister of Finance in association with the Minister of Revenue.*

At the end of September 2003 all the Ministers provided the Conseil du trésor with their mandates for examining the structures and programs for which they are responsible.

- *EFFORTS UNDERWAY*

The major efforts at modernization diligently undertaken by my colleagues have swiftly led to a number of concrete achievements in 2003-2004.

- *My colleague the Minister of Economic and Regional Development and Research has started modernizing the mandates of government corporations and regional governance.*
  - *The report of the working group on the Québec government's role in venture capital will guide the government in modernizing the mandates of the Société générale de financement, d'Investissement Québec and the Innovatech corporations so that these organizations make a better and greater contribution to Québec's economic development. In this regard, the Commission des finances publiques began its general consultation this past February 24.*
  - *The Minister of Economic and Regional Development and Research has embarked on an unprecedented effort to transform regional governance, primarily by creating regional conferences of elected officials and, in keeping with our promise, relying on municipal officials accountable to citizens to ensure regional autonomy and development.*

- *My colleague the Minister of Health and Social Services has tabled three Bills in the National Assembly, two of which passed last December.*
  - *To create an integrated health and social services organization, the Act respecting local health and social services network development agencies aims to bring services closer to the people and make it easier for any person to move through the system.*
  - *The Act respecting bargaining units in the social affairs sector and amending the Act respecting the process of negotiation of the collective agreements in the public and parapublic sectors is primarily intended to improve work organization in establishments.*
  - *The Health and Welfare Commissioner Bill will foster transparency and an informed discussion of the major issues affecting citizens in the realm of health and social services.*

On October 9, 2003, the committees for each of the major efforts set to work. Moreover, the Ministers responsible for the committees had prepared a status report for the Comité de gouverne chaired by the Premier, which led to the adoption of several structural measures that will undergo closer scrutiny by the departments. Some of them, however, could be implemented starting this year. Certain announcements are planned for the weeks ahead.

The action plan will also include initiatives in the area of human resource management, investment strategy, and the introduction of e-government. Allow me now to provide a few details about these.

- *BETTER MANAGEMENT OF OUR HUMAN RESOURCES*

Our action plan for the future assigns a very high priority to human resource management.

The public service has grown steadily in size since 1997-1998, rising from 63,700 to 75,800 persons in use, or an increase of nearly 20% in six years.

In this context, last February the government sent a clear signal of prudence by ordering a temporary freeze on hiring until April 30, 2004, with the exception of personnel considered essential for certain operations. Control of public spending means curbing too rapid growth in staff. We have to manage to gradually downsize the public service, while ensuring that our workforce is renewed and representative of all Quebecers.

In this regard, the numerous retirements expected over the next five years represent an opportunity that we should take advantage of.

The government's 2004-2007 Action Plan on Public Spending will in particular review the target level of the workforce and procedures that will govern the hiring of new employees as of next year.

Our plan to reform human resource management is keyed to three main objectives.

- *We must be able to rely on dedicated, qualified, diversified personnel deployed to carry out the organization's mission.*
- *We have to bring our human resource policies and strategies into line with carrying out our action plan.*
- *We have to continue developing a culture focused on excellence, innovation, and learning.*

Thus, future-oriented human resource management, skills development, and career management will be at the heart of the Action Plan. Clear expectations will be set for departments and agencies in this regard.

- COMPLY WITH THE PAY EQUITY ACT AND RENEW COLLECTIVE AGREEMENTS

The objectives we are pursuing in the area of human resource management lead me to broach the matter of renewing collective agreements.

The collective agreements of government employees expired in June 2002. At the time many union organizations reached an agreement to extend them to June 30, 2003; the agreement included a 2% pay increase and a 2% lump-sum payment over three months.

The Conseil du trésor is presently involved in talks to extend this agreement to all the organizations so that the different groups embarking on the collective bargaining process do so on an equivalent salary basis.

Most of the union organizations tabled their sectoral demands during 2003. Demands with a monetary impact were tabled by the leading union organizations last December. The management offers in the education and public service sectors were largely tabled in March 2004, and will soon by followed by those of the health and social services sector.

The government is preparing its response to the demands made by the union organizations, particularly as regards salaries, pension plans, regional disparities and parental rights. I should point out, however, that these demands are very substantial.

Moreover, it is worth recalling that the Attorney General has decided not to appeal the Superior Court ruling on pay equity. The government therefore intends to comply with the general provisions of the Pay Equity Act as interpreted by the courts. The costs involved in doing so could also prove to be very high.

By way of information, it should be noted that in 2003-2004 compensation amounted to $25.7 billion, or 56% of all government program expenditures. This means that any decision on the salary conditions of employees will have a tremendous impact on the budget, which comes at a time when we face a particularly difficult situation in the area of public finance.

Nonetheless, the government intends to study the demands and needs of its employees and will endeavour to reach, together with the unions, an understanding satisfactory to both sides.

- *REVIEWING THE INVESTMENT STRATEGY*

In recent years, the public debt resulting from financing public investments in fixed assets has increased considerably.

Investments in fixed assets effectively increased at an average annual rate of 19.8% from 1999-2000 to 2003-2004, and should attain a total of $5.4 billion in 2003-2004. During that same period, the average annual growth rate of subsidized debt service related to fixed assets and supported by the government reached 10.5%, or more than twice the growth rate of program spending during the same period and over three times the target for growth in expenditures in 2004-2005.

This growth rate is ultimately unsustainable. In order to ease this pressure on public spending, our government is setting very clear investment priorities while at the same time beginning to introduce new ways of doing things.

— *In the area of fixed assets financed exclusively by the Government of Québec, in 2004-2005 new fixed assets will essentially be limited to the field of culture and research infrastructures.*

— *The government will also assign priority to work involving the maintenance of assets, and on completing projects already underway, especially in the areas of health and road infrastructures.*

For our government, the maintenance of assets in the health and social services sector is a major concern. Our establishments must be maintained if we want citizens to benefit from an proper level of services. It should be pointed out that this has not always been the case in the past.

The government is therefore setting aside an annual envelope of $110 million for this purpose, and, in addition, a one-time amount of $40 million for functional renovation projects. This raises

the planned investments in the health and social services sector to over $1 billion in 2004-2005.

As for road infrastructures, the envelope intended for the preservation and improvement of our road network will be the same as last year, or $930 million.

— *The government has also decided to introduce new ways of doing things by favouring capital expenditures financed through partnerships with the private sector. Thus, for new fixed assets, departments and agencies will have to favour the option of a public-private business partnership. They will also have to favour joint financing with other levels of government. This change in how things are done will help reduce the Québec government's share in financing investments and limit the resulting debt.*

❑ *DEVELOPING E-GOVERNMENT*

The Action Plan that I will release in a few weeks will include the initiatives adopted by the government to ensure the development of e-government.

By moving towards online government, we want to provide better access to improved, integrated, citizen-focused services anytime, anywhere. We will accomplish this by taking full advantage of the use of information and communication technologies.

To make this objective a reality and ensure the establishment of e-government, in early October 2003 the Secrétariat du Conseil du trésor announced creation of the Bureau pour le développement du gouvernement électronique.

We want to proceed in a sustainable manner as well as swiftly. Structural projects are already underway at departments and agencies and will gradually become accessible to citizens and

enterprises in 2004-2005. Worth mentioning in this regard is the Québec change-of-address service, the youth portal, and the service portal for enterprises designed to simplify and integrate information and services.

Other major projects related to e-government will be launched in the coming weeks. This includes:

- *The overhaul of the government services portal, with a view to simplifying and integrating information and services;*
- *The Québec government authentication service, which will improve the security of interaction between citizens and the government;*
- *Acceleration of the deployment of high-speed telecommunication infrastructures in rural areas to give more people and enterprises established outside of urban areas access to online services.*

The first phase of modernizing the government has enabled us to begin examining the way we do things. This examination will intensify in 2004-2005 with the Action Plan I will release. We must continue instituting, within the Québec government, a culture conducive to regularly rethinking our programs and activities so that they adequately meet the needs of Quebecers.

CONCLUSION

The 2004-2005 Expenditure Budget that I am tabling today is directly in line with the efforts we have made since our government was elected. It shows the tighter control over spending that will benefit all Quebecers. It will also enable refocusing government resources on the priorities of the people.

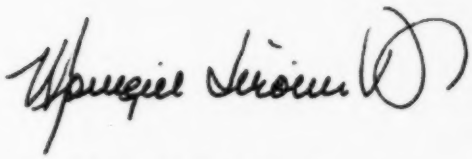
This Expenditure Budget includes a challenging goal in the area of growth in program spending. It is consistent with the priorities for which we were elected, since nearly 95% of the new funds available for 2004-2005 will be allocated exclusively for health and education.

Moreover, the Expenditure Budget confirms our pursuit of modernizing the government by announcing the Action Plan on Public Spending that I will release in a few weeks.

This second Expenditure Budget I have the honour of tabling in the National Assembly reflects the direction of our government and the promises we made to the people of Québec.

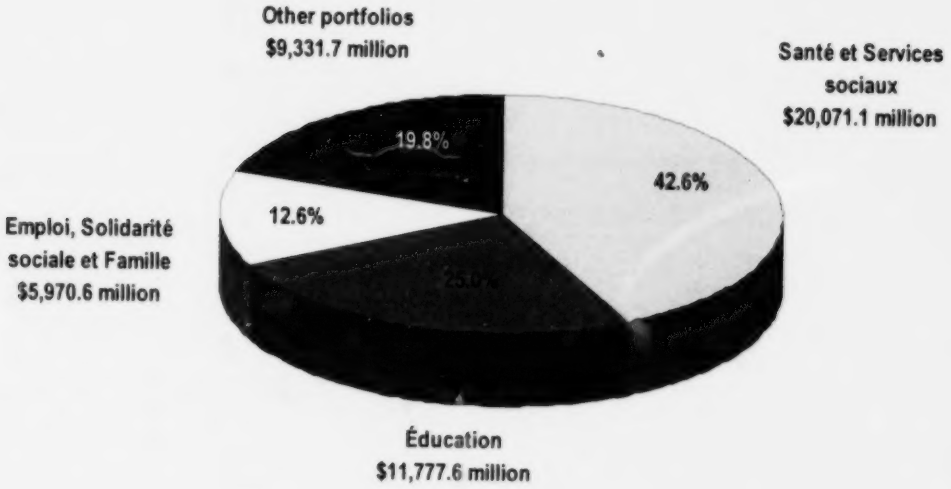
We want to give our citizens responsible government, a government that controls its spending and that is focused on the priorities of the people.

This budget enables me to forcefully confirm our commitment to modernizing the government so that we can provide all Quebecers with better services at a lower cost.

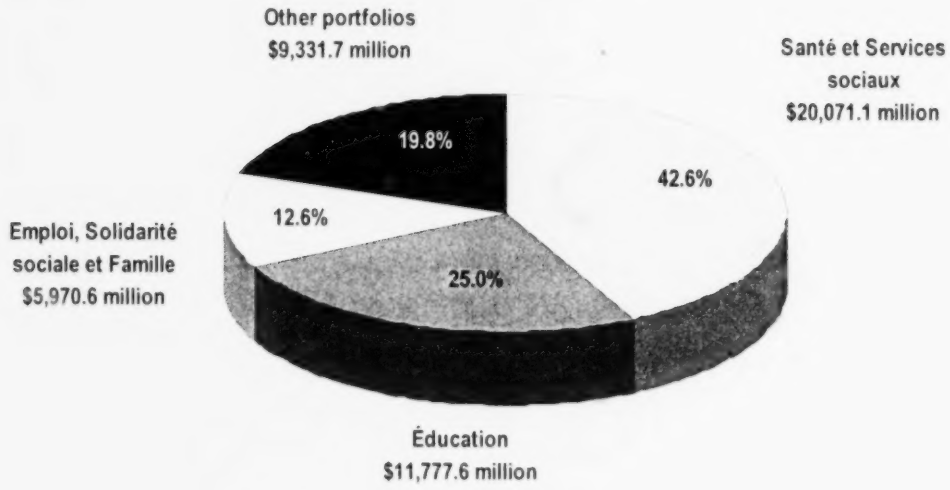


MONIQUE JEROME-FORGET

BREAKDOWN OF $47,151 MILLION IN SPENDING FOR 2004-2005



BREAKDOWN OF $47,151 MILLION IN SPENDING FOR 2004-2005



CHAPTER 1

2004-2005 EXPENDITURE BUDGET

2004-2005 EXPENDITURE BUDGET
IN BRIEF

- In 2004-2005, program spending amounts to $47,151.0 million and the debt service, $6,939.0 million, for total government expenditures of $54,090.0 million.

- Program spending has grown by $1,351.0 million, compared to 2003-2004 figures. This 2.9% increase is less than the nominal gross domestic product (GDP) growth of 4.3% forecast for 2004.

- The growth in program spending is nearly entirely allocated to health and education:

  - The "Santé et Services sociaux" portfolio benefits from a budget increase of $965.7 million, 5.1% over the probable expenditure of the previous fiscal year, bringing the budget to $20,071.1 million in 2004-2005;

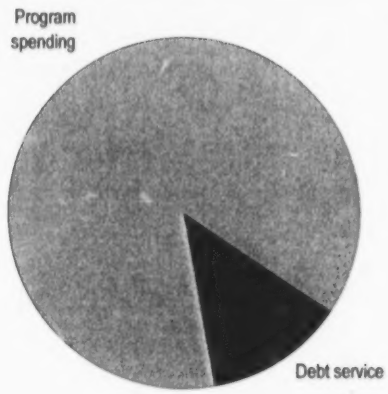
  - The budget for the "Éducation" portfolio is at $11,777.6 million, an increase of $308.8 million, or 2.7%, over the 2003-2004 probable expenditure.

- The weight of program spending in the Québec economy, which was at 17.7% in 2003-2004, has once again dropped this year, to 17.5%.

1. 2004-2005 EXPENDITURE BUDGET

- The government's expenditure budget in 2004-2005 totals $54,090.0 million:
  - An amount of $47,151.0 million is allocated to program spending;
  - The debt service represents $6,939.0 million.
- Program spending has grown by 2.9% in 2004-2005, while the debt service increased by 4.1%, for a total expenditure growth of 3.1%.
- Of each dollar collected from Québec taxpayers in 2004-2005, 87 cents will be used for program spending and 13 cents for financing the debt service.

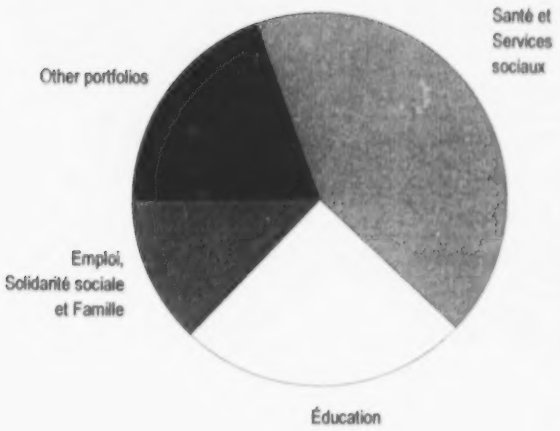
Graph 1.1 BREAKDOWN AND GROWTH OF 2004-2005 EXPENDITURES



	Expenditures	Weight	Growth
	$ million	%	%
Program spending	47,151.0	87.2	2.9
Debt service	6,939.0	12.8	4.1
Total expenditures	**54,090.0**	**100.0**	**3.1**

- Three portfolios account, alone, for more than 80.0% of the 2004-2005 program spending:
  - The "Santé et Services sociaux" portfolio, with a budget of $20,071.1 million, represents 42.6% of program spending;
  - The "Éducation" portfolio, with a budget of $11,777.6 million, represents 25.0% of program spending;
  - 12.6% of program spending is allocated to the "Emploi, Solidarité sociale et Famille" portfolio, whose budget is $5,970.6 million.
- Together, the remaining portfolios represent 19.8% of program spending, for an amount of $9,331.7 million.

Graph 1.2 **BREAKDOWN OF 2004-2005 PROGRAM SPENDING**

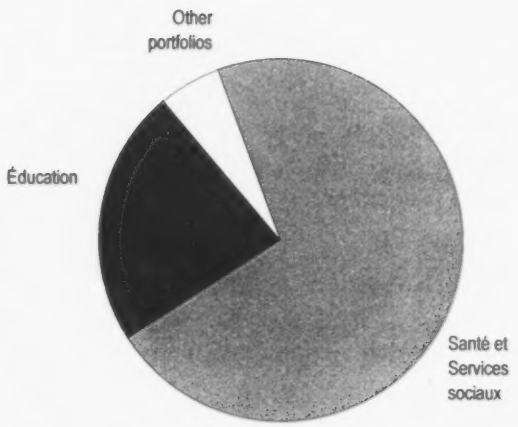


	Expenditures	Weight
	$ million	%
Santé et Services sociaux	20,071.1	42.6
Éducation	11,777.6	25.0
Emploi, Solidarité sociale et Famille	5,970.6	12.6
Other portfolios	9,331.7	19.8
Total	**47,151.0**	**100.0**

2. VARIATION IN 2004-2005 PROGRAM SPENDING

- In 2004-2005, program spending totals $47,151.0 million, an increase of 2.9%, or $1,351.0 million, over 2003-2004.
- Nearly 95.0% of the growth in 2004-2005 can be attributed to two portfolios:
  - 71.5% of the authorized growth is allocated to the "Santé et Services sociaux" portfolio, whose budget increases by $965.7 million, or 5.1%;
  - The "Éducation" portfolio benefits from 22.9% of the total 2004-2005 growth, which represents a budget increase of $308.8 million, or 2.7%.
- The increase for all of the other portfolios combined is $76.5 million, which represents 5.6% of the total growth in program spending.

Graph 1.3 **BREAKDOWN OF THE GROWTH OF PROGRAM SPENDING BY ACTIVITY SECTOR IN 2004-2005**



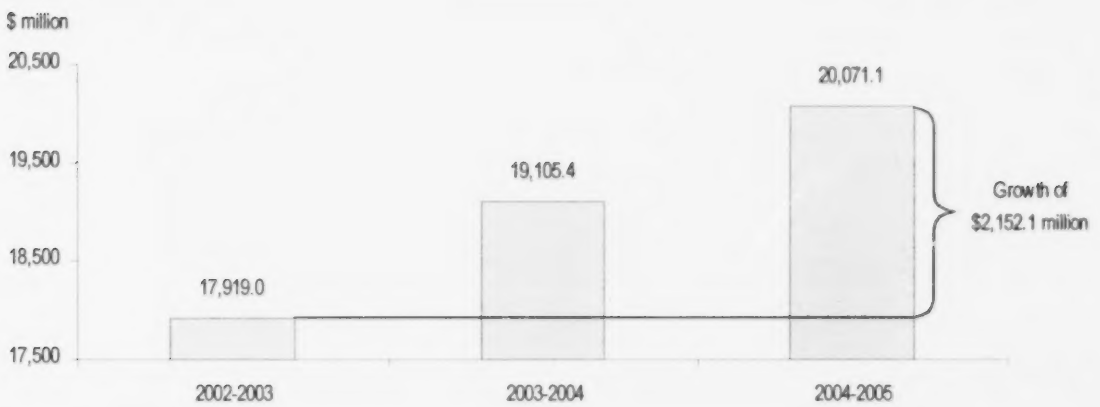
	Breakdown		Rate
	M$	%	%
Santé et Service sociaux	965.7	71.5	5.1
Éducation	308.8	22.9	2.7
Other porfolios	76.5	5.6	0.5
Program spending	**1,351.0**	**100.0**	**2.9**

SANTÉ ET SERVICES SOCIAUX:

IMPROVE SERVICES THROUGH A REINVESTMENT OF $2,152.1 MILLION OVER A TWO-YEAR PERIOD

- A budget increase of $2,152.1 million was allocated to the health sector over a two-year period. This represents a cumulative growth of 12.0% over 2002-2003.
- The 2004-2005 budget increase makes it possible, among other things, to fund the growth in the cost of services, to increase the budgetary envelopes of health care institutions and implement new initiatives for meeting patient's needs.

Graph 1.4 **EVOLUTION IN HEALTH AND SOCIAL SERVICES EXPENDITURES**

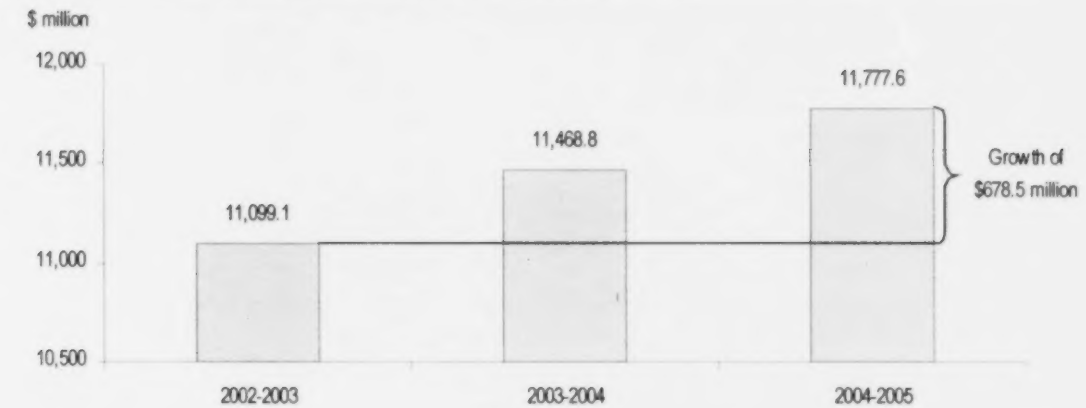


ÉDUCATION:

AN ADDITIONAL $678.5 MILLION OVER TWO YEARS TO PROMOTE SCHOOL SUCCESS

- Since 2002-2003, the budget envelope allocated to education has gone from $11,099.1 million to $11,777.6 million, a total increase of 6.1%.
- The additional amounts in 2004-2005 are allocated to the growth in the cost of services and the implementation of initiatives aiming, among others, to reduce the school dropout rate, such as Homework Assistance and Wellness-oriented School programs.

Graph 1.5 **EVOLUTION IN EDUCATION EXPENDITURES**



OTHER PORTFOLIOS

- In 2004-2005, the budget allocated to other portfolios, excluding "Santé et Services sociaux" and "Éducation", totals $15,302.3 million, representing a slight increase over 2003-2004, i.e. $76.5 million, or 0.5%.

- Certain portfolios benefit from budget increases as a result of specific factors:

  - Increase in the debt service of the Ministère des Transports budget;

  - Continuation of the Ministère du Conseil exécutif implementation of agreements with Native communities and $10.0 million for the Regional Youth Investment Fund;

  - An additional $15.0 million to the Ministère des Affaires municipales, du Sport et du Loisir for the housing crisis;

  - An additional $20.0 million to the Ministère de la Culture et des Communications, notably to prepare for the opening of the new Bibliothèque nationale and as a result of an increase in the subsidized debt service.

- The budget envelope of the Ministère de l'Emploi, de la Solidarité sociale et de la Famille has been decreased slightly, by 0.4%, or $22.6 million given the forecasted drop in the number of households requiring employment assistance. There has been an increase in the resources allocated to support for families.

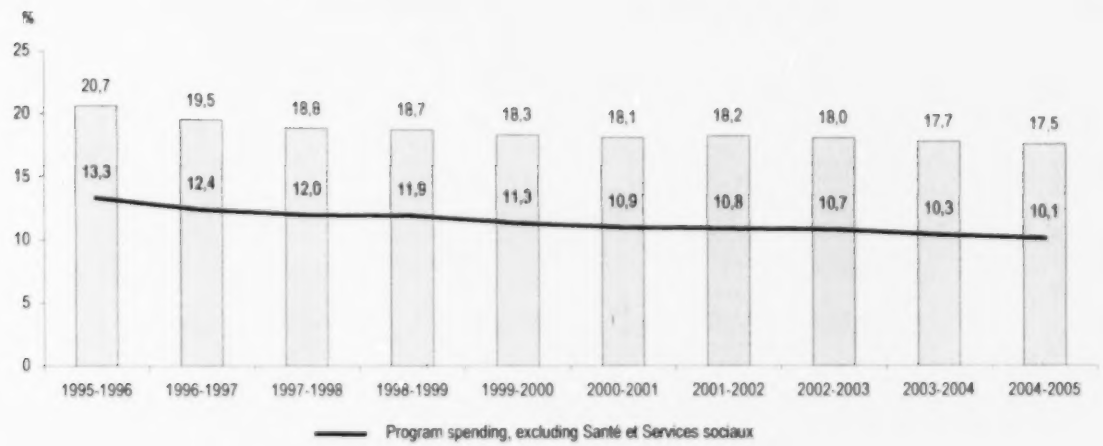
- Lastly, while the budgets of certain departments have been decreased, the measures planned to respect budget envelopes will enable the services they provide to be maintained, without in any way detracting from the basic missions they carry out for the public and without any downsizing of their regular staff other than the results of attrition.

Graph 1.6 **EVOLUTION IN EXPENDITURES OF OTHER PORTFOLIOS**

3. WEIGHT OF PROGRAM SPENDING IN THE ECONOMY

- In 2004, the nominal GDP should be at $269,135.7 million, while the forecast program spending is $47,151.0 million. The weight of program spending in the Québec economy would thus stand at 17.5% in 2004-2005, a drop of 0.2% from the 2003-2004 fiscal year.
- Excluding expenditures in health and social services, the program spending in relation to GDP ratio will be at 10.1% in 2004-2005, down from 13.3% in 1995-1996.
- Despite a constant decrease since 1995-1996, the weight of program spending in the economy remains significant when compared to figures for other Canadian provinces, notably Ontario (12.5%) and Alberta (13.5%).

Graph 1.7 **EVOLUTION OF PROGRAM SPENDING AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT**



APPENDIX 1.1

VARIATION BETWEEN THE 2004-2005 EXPENDITURE BUDGET AND THE 2003-2004 PROBABLE EXPENDITURE [1]

	2004-2005 Expenditure Budget	2003-2004 Probable Expenditure [2]	Variation	
	$ million *	$ million	$ million	%
National Assembly [3]	94.3	94.1	0.2	0.2
Persons Appointed by the National Assembly [3]	54.4	97.1	(42.7)	(43.9) [4]
Affaires municipales, Sport et Loisir	1,687.9	1,575.2	112.7	7.2
Agriculture, Pêcheries et Alimentation	646.9	664.1	(17.3)	(2.6) [5]
Conseil du trésor et Administration gouvernementale	568.3	488.1	80.2	(9.8) [6]
Conseil exécutif	262.1	168.2	93.9	34.8 [7]
Culture et Communications	531.4	511.9	19.4	3.5 [8]
Développement économique et régional et Recherche	812.3	797.9	14.4	(0.3) [9]
Éducation	11,777.6	11,468.8	308.8	2.7
Emploi, Solidarité sociale et Famille	5,970.6	5,993.2	(22.6)	(0.6) [10, 11]
Environnement	166.0	180.3	(14.3)	(7.9)
Finances [12]	220.7	152.1	68.7	(13.9) [13]
Justice	563.0	573.4	(10.4)	(1.8)
Relations avec les citoyens et Immigration	175.6	209.6	(34.0)	(16.2)
Relations internationales	99.8	112.5	(12.7)	(11.3)
Ressources naturelles, Faune et Parcs	432.5	484.6	(52.1)	(10.8)
Revenu	617.7	642.4	(24.7)	(3.8)
Santé et Services sociaux	20,071.1	19,105.4	965.7	5.1
Sécurité publique	885.1	924.0	(38.9)	(4.2)
Transports	1,644.9	1,487.7	157.2	10.6
Travail	63.9	69.3	(5.3)	(7.7)
Anticipated Lapsed Appropriations	(150.0)	-	(150.0)	-
Appropriations Carried over in 2005-2006	(45.3)	-	(45.3)	-
PROGRAM SPENDING	**47,151.0**	**45,800.0**	**1,351.0**	**2.9**
DEBT SERVICE	6,939.0	6,668.0	271.0	4.1
TOTAL EXPENDITURES	**54,090.0**	**52,468.0**	**1,622.0**	**3.1**

Note: References are provided on the following page.

REFERENCES

1 The information only pertains to the expenditure budget and therefore does not include the consolidated agencies and special funds. It also excludes the "Fixed Assets" and "Loans, Investments and Advances" supercategories included in the capital budget appearing in Volume II of the 2004-2005 Expenditure Budget.

2 The 2003-2004 probable expenditure has been adjusted to show it on the same basis as in 2004-2005.

3 The information pertaining to the appropriations, expenditures and Annual Expenditure Management Plans of the National Assembly and the Persons Appointed by the National Assembly is presented in Volume I.

4 In the "Persons Appointed by the National Assembly" portfolio, the decrease in expenditures is explained by the general elections held on April 14, 2003 and by activities to support the school board elections held in the fall of 2003.

5 In the "Agriculture, Pêcheries et Alimentation" portfolio, the decrease in expenditures is explained by additional expenditures in 2003-2004 for the cattle industry recovery program.

6 In the "Conseil du trésor et Administration gouvernementale" portfolio, the percentage change has been calculated by excluding the provision for carrying out projects related to e-government and the Contingency Fund program from the 2004-2005 Expenditure Budget.

7 In the "Conseil exécutif" portfolio, the percentage change has been calculated by excluding the provision for implementing government communications projects from the 2004-2005 Expenditure Budget. Moreover, by excluding the growth of the Native Affairs program, which went from $106.7 million to $157.0 million, the growth rate would be 4.9%.

8 In the "Culture et Communications" portfolio, the percentage change has been calculated by excluding the provision for carrying out activities to promote the French language from the 2004-2005 Expenditure Budget.

9 In the "Développement économique et régional et Recherche" portfolio, the percentage change has been calculated by excluding the provision for carrying out projects to create jobs for students from the 2004-2005 Expenditure Budget. Furthermore, a large part of the provision aiming to increase investments under the FAIRE program and the provision to support strategic investment projects were also excluded.

10 In the "Emploi, Solidarité sociale et Famille" portfolio, the percentage change has been calculated by excluding the provision for projects favouring employment insertion, training and assistance and the provision for the creation of projects favouring the conversion of financial assistance benefits into employment assistance measures from the 2004-2005 Expenditure Budget.

11 In the "Emploi, Solidarité sociale et Famille" portfolio, an adjustment was made to present fiscal 2003-2004 on the same basis as fiscal 2004-2005. This adjustment led to a $132.0 million decrease for 2003-2004 to take into account financial assistance measures that will be entered as a reduction in budget revenues beginning on January 1, 2005.

12 For the purposes of this table, the government debt service is excluded from the expenditures of the "Finances" portfolio. In Volume II of the 2004-2005 Expenditure Budget and in the Annual Expenditure Management Plans of the departments and agencies, the expenditures of the "Finances" portfolio incorporate debt service.

13 In the "Finances" portfolio, the percentage change has been calculated by excluding the provision for initiatives concerning revenue from the 2004-2005 Expenditure Budget.

Notes

With regard to references 6, 7, 8, 9, 10 and 13, a provision is a program element for which the appropriation act gives the Conseil du trésor the power to authorize the transfer of part of an appropriation between programs or portfolios for the purposes and, if applicable, according to the conditions set out in the expenditure budget.

The amounts for provisions are included in the expenditure budget but excluded from the probable expenditure for the same portfolio, since the expenditure is generally transacted in another portfolio.

CHAPTER 2

RESULTS FOR THE 2003-2004 FISCAL YEAR

RESULTS FOR THE 2003-2004 FISCAL YEAR
IN BRIEF

- Total government expenditures for the 2003-2004 fiscal year should amount to $52,468.0 million. The figure has been adjusted downward by $62.0 million since the 2003-2004 Expenditure Budget was tabled.

- Program spending amounts to $45,800.0 million, which represents a 3.3% increase over the previous fiscal year. Debt service increases by 2.0%.

1. VARIATION OF GOVERNMENT EXPENDITURES IN 2003-2004

- Total government expenditures in the 2003-2004 fiscal year should amount to $52,468.0 million.
- Compared to the previous fiscal year, total government expenditures are up by $1,616.0 million, or 3.2%, increasing from $50,852.0 million to $52,468.0 million.
- Program spending should reach $45,800.0 million, a 3.3% increase over 2002-2003.
- Debt service is rising by 2.0%, to $6,668.0 million.

Table 2.1 **SUMMARY OF BUDGETARY EXPENDITURES [1]**

	2002-2003	2003-2004	Variation	
	$M	$M	$M	%
Program spending [2]	44,316.2	45,800.0	1,483.8	3.3
Debt service	6,535.8	6,668.0	132.2	2.0
TOTAL EXPENDITURES	**50,852.0**	**52,468.0**	**1,616.0**	**3.2**

1 The data in this table do not include the effect of consolidation of agencies and special funds.

2 An adjustment was made to present the 2003-2004 probable expenditure and 2002-2003 actual expenditure on the same basis as 2004-2005. This adjustment involves, for these fiscal years, a reduction of $132.0 million in the "Emploi, Solidarité sociale et Famille" portfolio to account for the financial aid measures that will be charged against budget revenue starting January 1, 2005.

2. THE EVOLUTION IN THE 2003-2004 TOTAL EXPENDITURE FORECAST

- Since the 2003-2004 Expenditure Budget was tabled, the forecast for total government expenditures in 2003-2004 fiscal year has been adjusted downward by $62.0 million from $52,530.0 million to $52,468.0 million.

- In the area of program spending, additional expenditures occurred during the year. These expenditures involve a few portfolios, primarily:

  — $279.7 million in the Ministère de l'Emploi, de la Solidarité sociale et de la Famille due in part to an increase in employment assistance beneficiaries in comparison to the figure forecast at the beginning of the year, and in part to a change in the average monthly cost of the financial assistance granted;

  — $93.0 million in the "Sécurité publique" portfolio resulting mainly from relief programs for disaster victims as well as the increase in police service and enhancement of the Sûreté du Québec's mandates;

  — $28.0 million in the "Conseil du trésor et Administration gouvernementale" portfolio, including assumption of part of the costs arising from termination of the GIRES project.

- These additional expenditures were offset by lower expenditures in various other budget accounts. These surpluses are found in ever department, such as:

  — $125.0 million in the "Conseil du trésor et Administration gouvernementale" portfolio for lapsed appropriations for the Contingency Fund;

  — $26.5 million in the Ministère du Développement économique et régional et de la Recherche following a revision of the accounting measures for the FAIRE program;

  — $23.5 million in the Ministère des Finances for lapsed appropriations for the provision for revenue initiatives;

  — $16.0 million in the Ministère du Conseil exécutif deferred to 2004-2005 for Québec's contribution to the Oujé-Bougoumou land transfer.

- The debt service forecast was revised downward by $194.0 million, which essentially reflects a lower interest rate forecast than originally projected.

Table 2.2 EVOLUTION IN THE 2003-2004 EXPENDITURE FORECAST [1]

	Program spending $M	Debt service $M	Total expenditures $M
2003-2004 Expenditure Budget	45,800.0	6,862.0	52,662.0
Adjustment [2]	(132.0)	-	(132.0)
PLUS:			
Emploi, Solidarité sociale et Famille	279.7	-	279.7
Sécurité publique	93.0	-	93.0
Conseil du trésor et Administration gouvernementale	28.0	-	28.0
Other variations	(268.7)	(194.0)	(462.7)
PROBABLE EXPENDITURE	**45,800.0**	**6,668.0**	**52,468.0**

1 The data in this table do not include the effect of consolidation of agencies and special funds.

2 An adjustment was made to present the 2003-2004 probable expenditure on the same basis as 2004-2005. This adjustment involves a reduction of $132.0 million in the "Emploi, Solidarité sociale et Famille" portfolio to account for the financial aid measures that will be charged against budget revenue starting January 1, 2005.

3. VARIATION IN APPROPRIATIONS AUTHORIZED IN 2003-2004

- At the beginning of the fiscal year, the appropriations tabled in the National Assembly totalled $53,392.3 million, or $46,530.3 million for program spending and $6,862.0 million for debt service.

- Additional appropriations of $571.0 million were authorized by the National Assembly in December 2003. These appropriations were allotted as follows:

  - $295.0 million were required by the Ministère de l'Emploi, de la Solidarité sociale et de la Famille to cover overruns in the employment assistance program, due in part to the increase in beneficiaries over the forecast established at the beginning of the year, and in part to the change in the average monthly cost of the financial aid granted;

  - $217.0 million were allotted to the "Conseil du trésor et Administration gouvernementale" portfolio, $40.0 million to assume the costs related to termination of the GIRES project and $177.0 million to provide "Loans, Investments and Advances" appropriations for the reassessment of the provision for sick leaves and vacations made during the 2002-2003 fiscal year;

  - $59.0 million were used by the "Sécurité publique" portfolio to finance the effects of the Act concerning the organization of police services (S.Q. 2001, c.19) as well as the enhancement of the Sûreté du Québec's mandates.

- Permanent appropriations ended up $23.2 million below the forecast at the beginning of the year. This decrease is the result of various changes to permanent appropriations during the fiscal year, including:

  - A decrease of $194.0 million in debt service which essentially reflects a lower interest-rate forecast than originally projected;

  - $185.0 million for the Ministère de la Santé et des Services sociaux as "Loans, Investments and Advances" appropriations to correct amounts charged to the Health Services Fund during previous years. This will not have the effect of modifying total expenditures forecast for the Department.

- The 2002-2003 appropriations actually carried forward to 2003-2004 are $26.7 million higher than originally forecast and amount to $58.6 million.

- Unexpended appropriations in 2003-2004 amount to $275.0 million and are primarily the result of lower expenditures under various budget items.

Table 2.3 **RECONCILIATION BETWEEN APPROPRIATIONS AND PROBABLE EXPENDITURE IN 2003-2004** [1]

	Program spending $M	Debt service $M	Total expenditures $M
INITIAL APPROPRIATIONS	46,530.3	6,862.0	53,392.3
Supplementary Estimates 1, 2003-2004	571.0	-	571.0
Permanent appropriations: variation	170.8	(194.0)	(23.2)
2002-2003 appropriations carried over to 2003-2004: variation	26.7	-	26.7
TOTAL APPROPRIATIONS	47,298.8	6,668.0	53,966.8
LESS: Appropriations allocated to the capital budget	(1,436.0)	-	(1,436.0)
LESS: Unexpended appropriations	(275.0)	-	(275.0)
PLUS: Depreciation expenditures	212.2	-	212.2
PROBABLE EXPENDITURE [2]	**45,800.0**	**6,668.0**	**52,468.0**

1 The data in this table do not include the effect of consolidation of agencies and special funds.

2 An adjustment was made to present the 2003-2004 probable expenditure on the same basis as 2004-2005. This adjustment involves a reduction of $132.0 million in the "Emploi, Solidarité sociale et Famille" portfolio to account for the financial aid measures that will be charged against budget revenue starting January 1, 2005.

CHAPTER 3

2004-2005 EXPENDITURE BUDGET
BREAKDOWN BY MAJOR CATEGORY AND BENEFICIARY

2004-2005 EXPENDITURE BUDGET BREAKDOWN IN BRIEF

- The government's Expenditure Budget for 2004-2005 amounts to $54,090.0 million including :
  - $47,151.0 million for program spending, or 87.2%;
  - $6,939.0 million for debt service, or 12.8%.
- Remuneration accounts for 56.3% of program spending. The share paid to departmental personnel amounts to $3,331.5 million, or 7.1% of program spending.
- Health and education are the government's priorities. These areas account for 67.6% of program spending, with the largest share paid to health and social service establishments as well as educational institutions.
- Support expenditures total $10,836.5 million. Over half, or $5,764.4 million, is paid directly to individuals through various programs such as child allowances, employment assistance measures, or financial support for farmers.

1. EXPENDITURE BREAKDOWN OVERVIEW

BREAKDOWN OF EXPENDITURES BY SUPERCATEGORY

- Government expenditures total $54,090.0 million in 2004-2005 and break down as follows :
  - 74.4% for "Transfer" expenditures;
  - 12.8% to service the government debt;
  - 12.8% for other supercategories, including those related to operating expenditures and those allocated to special funds.
- Volumes I and II of the Expenditure Budget contain a breakdown of expenditures for each portfolio by supercategory.
- Moreover, expenditures in the "Transfer" and "Allocation to a special fund" supercategories are broken down by category and beneficiary.

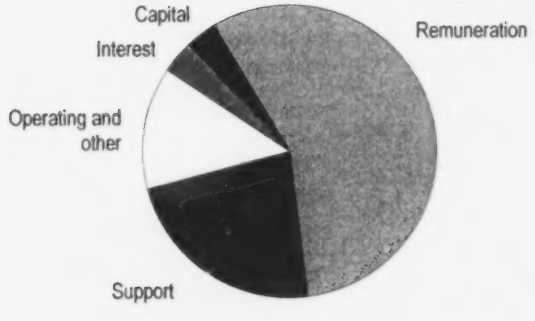
Table 3.1 **2004-2005 EXPENDITURE BUDGET BY SUPERCATEGORY AND CATEGORY**

	CATEGORIES						
	Remuneration	Operating	Capital	Interest	Support	Other	Total
SUPERCATEGORIES	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Remuneration	2,855.5	-	-	-	-	-	**2,855.5**
Operating	-	1,948.6	-	-	-	-	**1,948.6**
Transfer	23,200.3	4,255.6	1,318.2	1,471.9	10,000.5	-	**40,246.5**
Allocation to a special fund	475.9	143.7	359.9	250.6	836.0	-	**2,066.1**
Bad debts and other	-	-	-	-	-	229.6	**229.6**
Anticipated lapsed appropriations	-	-	-	-	-	(150.0)	**(150.0)**
Appropriations carried over in 2005-2006	-	-	-	-	-	(45.3)	**(45.3)**
Program spending	26,531.7	6,347.9	1,678.1	1,722.5	10,836.5	34.3	**47,151.0**
Debt service	-	-	-	6,939.0	-	-	**6,939.0**
TOTAL	**26,531.7**	**6,347.9**	**1,678.1**	**8,661.5**	**10,836.5**	**34.3**	**54,090.0**

BREAKDOWN OF PROGRAM SPENDING BY CATEGORY

- Program spending totals $47,151.0 million, or 87.2% of government expenditures for 2004-2005.
- By category, program spending breaks down as follows :
  - $26,531.7 million for remuneration expenditures, or 56.3%;
  - $10,836.5 million, or 23.0%, for support expenditures for individuals, businesses, public and parapublic agencies and other government partners;
  - $6,382.2 million, or 13.4%, for operating expenditures and other;
  - $1,678.1 million, or 3.6%, for capital expenditures and $1,722.5 million for interest expenditures on debt attributable to program spending, or 3.7%.
- The expenditure categories, which make it possible to present expenditures by type and relative importance, are defined in Appendix 3.1. Moreover, Appendix 3.2 contains a breakdown of expenditures by category for each portfolio.

Graph 3.1 2004-2005 PROGRAM SPENDING BY CATEGORY



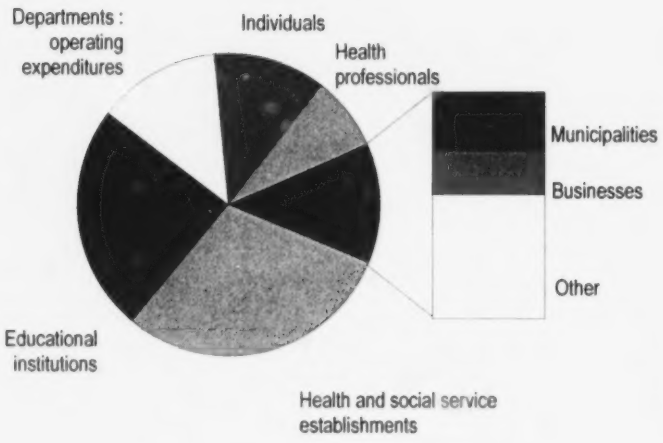
	$M	%
Remuneration	26,531.7	56.3
Support	10,836.5	23.0
Operating and other [1]	6,382.2	13.4
Interest	1,722.5	3.7
Capital	1,678.1	3.6
Total	**47,151.0**	**100.0**

1 Includes, in addition to operating expenditures, variations in the provision for bad debts, anticipated lapsed appropriations, appropriations carried over in 2005-2006 and other.

BREAKDOWN OF EXPENDITURES BY BENEFICIARY

- Health and social service establishments, with $13,861.7 million, as well as educational institutions, with $11,531.5 million, together account for 53.9% of the program spending planned for 2004-2005.
- Departmental operating expenditures, at $6,263.7 million, account for 13.3% of program spending.
- A 12.7% portion of program spending, or $5,996.5 million, is allocated to various other beneficiaries, i.e. municipalities, businesses, non-profit organizations and government corporations and agencies.
- Expenditures for individuals account for $5,851.6 million, or 12.4% of program spending.
- Remuneration of health professionals amounts to $3,646.0 million and represents 7.7% of program spending.

Graph 3.2 **2004-2005 PROGRAM SPENDING BY BENEFICIARY**



	$M	%
Health and social service establishments	13,861.7	29.4
Educational institutions	11,531.5	24.5
Departments : operating expenditures	6,263.7	13.3
Individuals	5,851.6	12.4
Health professionals	3,646.0	7.7
Municipalities	1,605.3	3.4
Businesses	1,142.2	2.4
Other [1]	3,249.0	6.9
Total	**47,151.0**	**100.0**

[1] In addition to other beneficiaries, includes anticipated lapsed appropriations and appropriations carried over in 2005-2006.

- Appendix 3.3 contains the breakdown of expenditures by beneficiary for each portfolio.

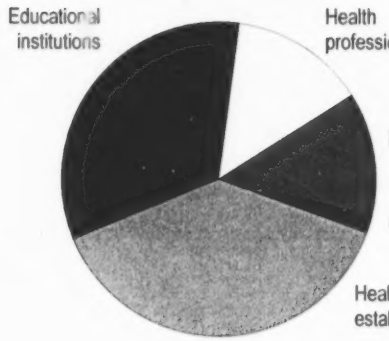
Table 3.2 **BREAKDOWN OF 2004-2005 PROGRAM SPENDING FORECAST BY BENEFICIARY**

	Santé et Services sociaux	Éducation	Emploi, Solidarité sociale et Famille	Other Departments	Other	Total
	$M	$M	$M	$M		$M
Departments : operating expenditures	146.0	192.8	570.2	5,354.7	-	**6,263.7**
Health and social service establishments	13,798.8	-	-	62.9	-	**13,861.7**
Health professionals	3,646.0	-	-	-	-	**3,646.0**
Educational institutions	-	11,304.0	92.3	135.2	-	**11,531.5**
Assistance for individuals	1,766.1	220.0	3,565.0	300.5	-	**5,851.6**
Assistance for businesses	180.7	-	286.5	675.0	-	**1,142.2**
Assistance for municipalities	-	-	-	1,605.3	-	**1,605.3**
Other beneficiaries	533.4	60.8	1,456.6	1,393.5	-	**3,444.3**
Anticipated lapsed appropriations	-	-	-	-	(150.0)	**(150.0)**
Appropriations carried over in 2005-2006	-	-	-	-	(45.3)	**(45.3)**
PROGRAM SPENDING	**20,071.0**	**11,777.6**	**5,970.6**	**9,527.1**	**(195.3)**	**47,151.0**

2. REMUNERATION EXPENDITURES

- Forecast remuneration expenditures amount to $26,531.7 million in 2004-2005, or 56.3% of program spending.
  - Health and social service establishments and educational institutions respectively account for 38.1% and 33.6% of total remuneration expenditures.
  - Health professionals receive 13.7% of remuneration expenditures while the share of department personnel is 12.6%.
- Remuneration expenditures are up by $739.2 million in 2004-2005. This increase breaks down as follows :
  - $436.8 million for the health and social services sector primarily for service development and upgrades, allocations to support the system's return to a balanced budget, advancement in pay scales as well as growth in the drug insurance plan including a portion to cover pharmacist fees, as well as the impact of agreements with health professionals.
  - $340.0 million for the education system, primarily to finance higher enrolments mainly at universities, teacher remuneration agreements as well as the measures to foster academic success, better supervision of students and the secondary school dropout prevention, as well as the variation in retirement plan costs.

Graph 3.3 **2004-2005 REMUNERATION EXPENDITURES BY BENEFICIARY**



	$M	%
Health and social service establishments	10,121.7	38.1
Educational institutions	8,918.4	33.6
Health professionals	3,646.0	13.7
Departments	3,331.5	12.6
Other beneficiaries	514.1	2.0
Total	**26,531.7**	**100.0**

— The $37.6 million reduction for departments and other beneficiaries is explained mainly by the establishment of new organizational structures and a staff transfer to a non-budget agency, namely the new Agence nationale d'encadrement du secteur financier.

Table 3.3 FORECAST REMUNERATION EXPENDITURES FOR 2004-2005 [1]

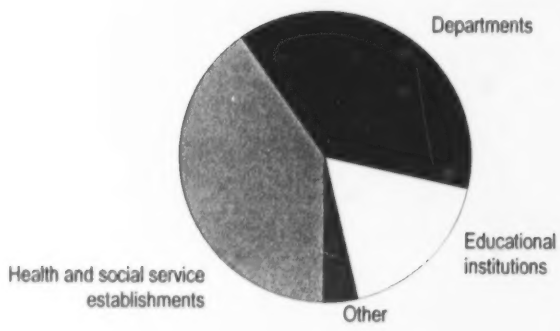
	Salaries	Employer contributions			Total
		Retirement plans	Other	Subtotal	
	$M	$M	$M	$M	$M
SANTÉ ET SERVICES SOCIAUX					
Department	56.9	-	6.1	6.1	**63.0**
Health and social service establishments	8,612.5	548.0	961.2	1,509.2	**10,121.7**
Health professionals	3,646.0	-	-	-	**3,646.0**
Other beneficiaries	117.9	-	7.6	7.6	**125.5**
	12,433.3	548.0	974.9	1,522.9	**13,956.2**
ÉDUCATION					
Department	78.8	-	8.0	8.0	**86.8**
Educational institutions	7,486.9	637.9	793.6	1,431.5	**8,918.4**
Other beneficiaries	10.2	-	1.1	1.1	**11.3**
	7,575.9	637.9	802.7	1,440.6	**9,016.5**
EMPLOI, SOLIDARITÉ SOCIALE ET FAMILLE					
Department	325.0	-	38.0	38.0	**363.0**
Other beneficiaries	7.2	-	0.9	0.9	**8.1**
	332.2	-	38.9	38.9	**371.1**
OTHER					
Departments	2,275.8	274.6	268.3	542.9	**2,818.7**
Other beneficiaries	315.1	22.6	31.5	54.1	**369.2**
	2,590.9	297.2	299.8	597.0	**3,187.9**
TOTAL	**22,932.3**	**1,483.1**	**2,116.3**	**3,599.4**	**26,531.7**
2003-2004 COMPARATIVE EXPENDITURE	22,271.3	1,459.5	2,061.7	3,521.2	25,792.5

1 Includes appropriations for the "Remuneration" supercategory and the "Remuneration" category of the "Transfer" and "Allocation to a special fund" supercategories.

3. OPERATING EXPENDITURES

- Operating expenditures for 2004-2005 total $6,347.9 million.
- Of this amount, 46.2% is for health and social service establishments and 16.9% for educational institutions, i.e. $2,932.5 million and $1,074.8 million respectively. They consist mainly of support and administrative expenditures for these networks.
- Operating expenditures are $165.5 million higher than in 2003-2004. This increase is primarily the result of the following variations :
  - In the health and social services sector, a $314.2 million increase for financing the rise in the cost of existing services, service upgrades and development, as well as a review of budget bases;
  - A $42.3 million reduction for the Directeur général des élections, essentially the result of the general elections held on April 14, 2003;
  - In the "Éducation" portfolio, a $62.7 million increase due mainly to financing the rise in the cost of existing services and the change in the procedures for disbursing funding for school transportation;

Graph 3.4 **FORECAST OPERATING EXPENDITURES FOR 2004-2005**



	$M	%
Health and social service establishments	2,932.5	46.2
Departments	2,092.1	33.0
Educational institutions	1,074.8	16.9
Other beneficiaries	248.5	3.9
Total	**6,347.9**	**100.0**

— A $28.2 million reduction for the "Ressources naturelles, Faune et Parcs" portfolio, resulting from expenditure rationalization;

— In the "Conseil du trésor et Administration gouvernementale" portfolio, a $115.1 million decrease particularly stemming from the $70.7 million reduction in the Contingency Fund compared to 2003-2004. The Contingency Fund is intended to cover unexpected expenditures that may occur in the administration of government programs and temporarily bridge cash shortages at departments and agencies.

Table 3.4 FORECAST OPERATING EXPENDITURES IN 2004-2005

	Operating [1]	Transfer		Total
		Networks	Other	
	$M	$M	$M	$M
SANTÉ ET SERVICES SOCIAUX				
Department	83.0	-	-	**83.0**
Assistance for health and social service establishments	-	2,932.5	-	**2,932.5**
Other beneficiaries	-	-	86.7	**86.7**
	83.0	2,932.5	86.7	**3,102.2**
ÉDUCATION				
Department	56.9	-	-	**56.9**
Assistance for educational institutions	-	1,074.8	-	**1,074.8**
Other beneficiaries	-	-	5.2	**5.2**
	56.9	1,074.8	5.2	**1,136.9**
EMPLOI, SOLIDARITÉ SOCIALE ET FAMILLE				
Department	156.3	-	-	**156.3**
Other beneficiaries	-	-	2.1	**2.1**
	156.3	-	2.1	**158.4**
OTHER				
Departments	1,795.9	-	-	**1,795.9**
Other beneficiaries	-	-	154.5	**154.5**
	1,795.9	-	154.5	**1,950.4**
TOTAL	**2,092.1**	**4,007.3**	**248.5**	**6,347.9**
2003-2004 COMPARATIVE EXPENDITURE	2,295.0	3,637.5	249.9	6,182.4

1 Includes expenditures for the "Operating" category of the "Allocation to a special fund" supercategory.

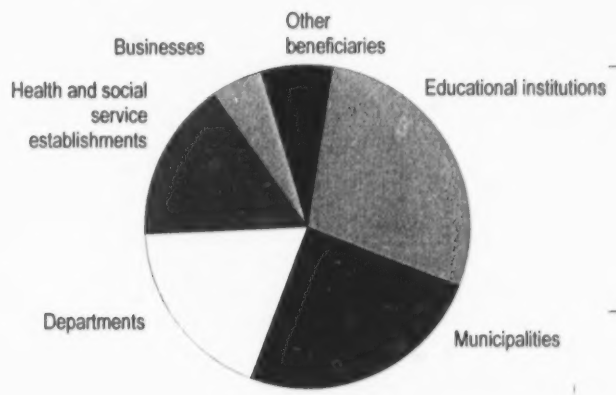
4. CAPITAL EXPENDITURES

- Forecast capital expenditures total $1,678.1 million in 2004-2005, or $69.1 million more than in the previous fiscal year.
- 16.9% of these expenditures are for health and social service establishments and 28.0% for educational institutions, i.e. $283.2 million and $470.3 million respectively.
- Capital expenditures are allocated according to the three avenues of intervention used by the government: capital expenditures allocated to special funds, repayment of principal, and subsidized fixed assets.

CAPITAL EXPENDITURES ALLOCATED TO SPECIAL FUNDS

- Capital expenditures allocated to the special funds account for 21.4% of all capital expenditures in 2004-2005.
- The amount of capital expenditures allocated to special funds is $61.8 million higher, up from $298.1 million in 2003-2004 to $359.9 million in 2004-2005. This variation is essentially due to a $47.7 million increase for the "Transports" portfolio, particularly stemming from investments in public transportation made by the Road Network Preservation and Improvement Fund.

Graph 3.5 FORECAST CAPITAL EXPENDITURES IN 2004-2005 BY BENEFICIARY



	$M	%
Educational institutions	470.3	28.0
Municipalities	344.2	20.5
Departments	359.9	21.4
Health and social service establishments	283.2	16.9
Businesses	64.6	3.9
Other beneficiaries	155.9	9.3
Total	**1,678.1**	**100.0**

EXPENDITURES FOR REPAYMENT OF PRINCIPAL

- Expenditures for repayment of the principal of subsidized debt represent 68.2% of total capital expenditures in 2004-2005.

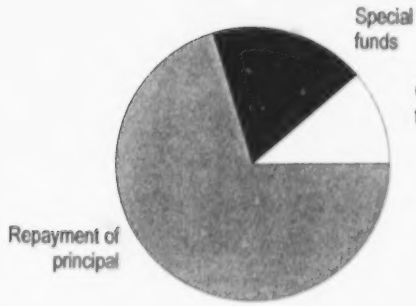
- They increase from $1,131.0 million in 2003-2004 to $1,144.6 million in 2004-2005, or by $13.6 million due primarily to the following:

  — A $25.1 million increase in the "Culture et Communications" portfolio, due mainly to investment projects carried out under the Public-sector Investment Acceleration Plan announced in November 2001;

  — A $42.2 million increase resulting from construction work carried out under the investment plans for health and social service establishments, school boards, CEGEPs and universities;

  — A $74.2 million decrease in the "Affaires municipales, Sport et Loisir" attributable mainly to a reduction in the allocations for the Québec Sewage Treatment Program due to diminished needs resulting from a variation in interest rates, the pace of project completion, and new loan repayment schedule arrangements.

Graph 3.6 **FORECAST CAPITAL EXPENDITURES IN 2004-2005 BROKEN DOWN BY AVENUE OF INTERVENTION**



	$M	%
Repayment of principal	1,144.6	68.2
Special funds	359.9	21.4
Other subsidized fixed assets	173.6	10.4
Total	**1,678.1**	**100.0**

OTHER SUBSIDIZED FIXED ASSETS

- Subsidies for fixed assets account for 10.4% of total capital expenditures 2004-2005.
- These subsidies decrease from $179.9 million in 2003-2004 to $173.6 million in 2004-2005, a reduction of $6.3 million. They are primarily intended for businesses and municipalities, which account for 72.5% of these expenditures.

Table 3.5 **FORECAST CAPITAL EXPENDITURES IN 2004-2005 BY BENEFICIARY**

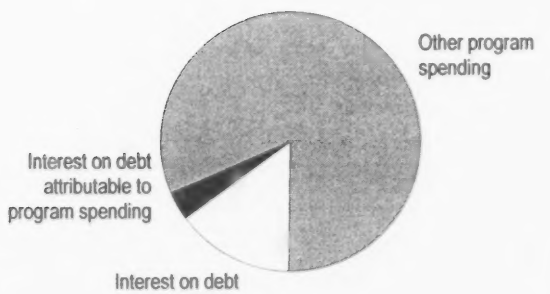
	Special funds [1]	Subsidized fixed assets		Total
		Repayment of principal	Other	
	$M	$M	$M	$M
SANTÉ ET SERVICES SOCIAUX				
Health and social service establishments	-	267.1	16.1	**283.2**
Other beneficiaries	-	-	4.2	**4.2**
	-	267.1	20.3	**287.4**
ÉDUCATION				
Educational institutions	-	452.1	18.2	**470.3**
Other beneficiaries	-	-	0.6	**0.6**
	-	452.1	18.8	**470.9**
OTHER				
Departments	359.9	-	-	**359.9**
Assistance for businesses	-	8.5	56.1	**64.6**
Assistance for municipalities	-	274.4	69.8	**344.2**
Other beneficiaries	-	142.5	8.6	**151.1**
	359.9	425.4	134.5	**919.8**
TOTAL	**359.9**	**1,144.6**	**173.6**	**1,678.1**
2003-2004 COMPARATIVE EXPENDITURE	298.1	1,131.0	179.9	1,609.0

[1] Includes expenditures in the "Capital" category of the "Transfers" and "Allocation to a special fund" supercategories.

5. INTEREST EXPENDITURES

- Interest expenditures assumed by the government amount to $8,661.5 million for fiscal year 2004-2005, compared to $8,394.8 million the year before.
- They represent 16.0% of total expenditures forecast for 2004-2005.
- Interest expenditures carried by the government break down as follows:
  - 12.8%, or $6,939.0 million, for forecast interest expenditures on the debt of the Consolidated Revenue Fund;
  - 3.2%, or $1,722.5 million, for expenditures allocated to service debt attributable to program spending.

Graph 3.7 **INTEREST EXPENDITURES AS SHARE OF TOTAL EXPENDITURES IN 2004-2005**



	$M	%
Interest on debt	6,939.0	12.8
Interest on debt attributable to program spending	1,722.5	3.2
Other program spending	45,428.5	84.0
Total	**54,090.0**	**100.0**

INTEREST ON THE DEBT OF THE CONSOLIDATED REVENUE FUND

- Interest expenditures on the debt of the Consolidated Revenue Fund total $6,939.0 million in 2004-2005, consisting of the financial expenses attributable to direct debt in the amount of $4,131.0 million and those attributable to the retirement plans account amounting to $2,808.0 million.

- Interest expenditures on the debt of the Consolidated Revenue Fund are $271.0 million higher than in the previous year:

  — An increase of $205.0 million in direct debt service due to the decline in Fonds d'amortissement des emprunts revenue, which was charged against direct debt service;

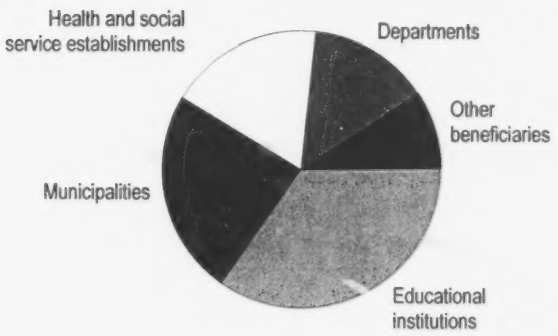
  — $66.0 million higher interest expenditures on the retirement plans account due to the increase in the average actuarial liability.

INTEREST ON DEBT ATTRIBUTABLE TO PROGRAM SPENDING

- Interest on debt attributable to program spending amounts to $1,722.5 million for fiscal 2004-2005, compared to $1,726.8 million in 2003-2004, a decline of $4.3 million. Two main factors account for this change:

  — A $56.3 million reduction in the "Santé et Services sociaux" portfolio due primarily to lower interest rates;

Graph 3.8 **INTEREST EXPENDITURE ON DEBT ATTRIBUTABLE TO PROGRAM SPENDING BY BENEFICIARY**



	$M	%
Educational institutions	615.1	35.7
Municipalities	420.1	24.4
Health and social service establishments	269.6	15.7
Departments	250.6	14.5
Other beneficiaries	167.1	9.7
Total	**1,722.5**	**100.0**

— A $31.4 million increase in the "Transports" portfolio due mainly to investments made by the Road Network Preservation and Improvement Fund for the purpose of preserving pavements and structures, as well as road network improvement and development.

Table 3.6 **FORECAST INTEREST EXPENDITURES IN 2004-2005 BY BENEFICIARY**

	Debt attributable to program spending and other [1]	Government debt	Total
	$M	$M	$M
SANTÉ ET SERVICES SOCIAUX			
Health and social service establishments	269.6	-	**269.6**
	269.6	-	**269.6**
ÉDUCATION			
Educational institutions	615.1	-	**615.1**
Other beneficiaries		-	
	615.1	-	**615.1**
OTHER			
Departments	250.6	-	**250.6**
Municipalities	420.1	-	**420.1**
Other beneficiaries	167.1	-	**167.1**
	837.8	-	**837.8**
PROGRAM SPENDING	1,722.5	-	**1,722.5**
DEBT SERVICE			
Direct debt	-	4,131.0	**4,131.0**
Retirement plans account	-	2,808.0	**2,808.0**
	-	6,939.0	**6,939.0**
TOTAL	**1,722.5**	**6,939.0**	**8,661.5**
2003-2004 COMPARATIVE EXPENDITURE	1,726.8	6,668.0	8,394.8

1 Includes expenditures in the "Interest" category of the "Transfers" and "Allocation to a special fund" supercategories.

6. SUPPORT EXPENDITURES

- Support expenditures encompass support and assistance programs intended mainly for individuals, non-profit organizations, businesses and municipalities. More than half of support expenditures are paid to individuals.

- Support expenditures amount to $10,836.5 million in 2004-2005, compared to $10,540.3 million in 2003-2004. The main variances are found in the following portfolios:

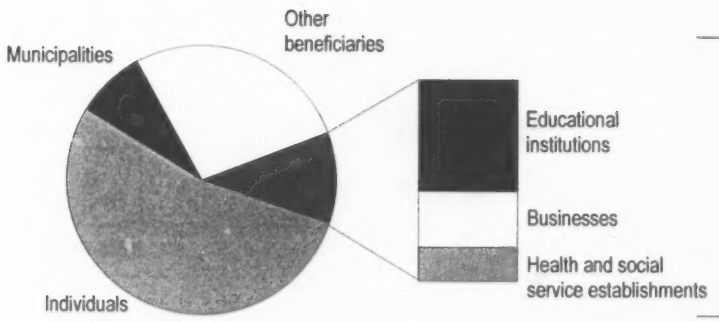
  — In the "Santé et services sociaux" portfolio, an increase of $239.6 million essentially related to the forecast increase in the prescription drug insurance program;

  — In the "Affaires municipales, Sport et Loisir" portfolio, an increase of $177.7 million due to an increase in the amounts called for in the Entente financière et fiscale signed with municipalities and an adjustment in the budget allocation for compensations in lieu of taxes. Moreover, an additional amount is set aside for the completion of the municipal territory reorganization;

  — In the "Éducation" portfolio, a reduction of $136.0 million mainly attributable to a change in the procedures for disbursing school transportation funding and reform of the financial aid for post-secondary education;

  — In the "Transports" portfolio, an increase of $34.3 million, essentially stemming from assistance for local road networks;

Graph 3.9 **SUPPORT EXPENDITURES IN 2004-2005 BY BENEFICIARY**



	$M	%
Individuals	5,764.4	53.2
Municipalities	876.4	8.1
Businesses	602.9	5.6
Educational institutions	317.7	2.9
Health and social service establishments	191.8	1.8
Other beneficiaries	3,083.3	28.4
Total	**10,836.5**	**100.0**

— In the "Conseil exécutif" portfolio, an increase of $34.9 million due mainly to the new agreements with the Cree and Inuit Nations.

Table 3.7 FORECAST SUPPORT EXPENDITURES IN 2004-2005

	Transfers	Other [1]	Total
	$M	$M	$M
SANTÉ ET SERVICES SOCIAUX			
Health and social service establishments	191.8	-	**191.8**
Assistance for individuals	1,766.1	-	**1,766.1**
Other beneficiaries	497.8	-	**497.8**
	2,455.7	-	**2,455.7**
ÉDUCATION			
Educational institutions	225.4	-	**225.4**
Assistance for individuals	220.0	-	**220.0**
Other beneficiaries	43.7	-	**43.7**
	489.1	-	**489.1**
EMPLOI, SOLIDARITÉ SOCIALE ET FAMILLE			
Educational institutions	-	92.3	**92.3**
Assistance for individuals	3,212.1	353.0	**3,565.1**
Other beneficiaries	1,397.7	316.8	**1,714.5**
	4,609.8	762.1	**5,371.9**
OTHER			
Assistance for businesses	574.5	28.4	**602.9**
Assistance for municipalities	875.8	0.6	**876.4**
Assistance for individuals	213.2	-	**213.2**
Other beneficiaries	782.5	44.9	**827.3**
	2,446.0	73.9	**2,519.8**
TOTAL	**10,000.6**	**836.0**	**10,836.5**
2003-2004 COMPARATIVE EXPENDITURE	9,663.4	876.9	10,540.3

1 Includes expenditures in the "Support" category of the "Allocation to a special fund" supercategory.

7. EXPENDITURES RELATED TO THE PROVISION FOR BAD DEBTS AND OTHER PROVISIONS

- The expenditures inherent in the change in the provision for bad debts as well as the provision for losses on financial initiatives guaranteed by the government are grouped in the "Bad debts and other provisions" supercategory. For 2004-2005, they amount to $229.5 million compared to $224.0 million in the 2003-2004 fiscal year.

- In 2004-2005, expenditures related to the change in the provision for bad debts total $185.1 million, up $9.4 million from the previous fiscal year. This provision is intended to maintain the government's balanced budget by allowing for probable future losses on normal receivables.

- Expenditures pertaining to the provision for losses on financial initiatives guaranteed by the government are down $3.9 million, amounting to $44.4 million in 2004-2005. This reduction comes from the "Développement économique et régional et Recherche » portfolio.

Table 3.8 **EXPENDITURES RELATED TO THE PROVISION FOR BAD DEBTS AND OTHER PROVISIONS IN 2004-2005**

	Bad debts	Losses on guaranteed financial initiatives	Total
	$M	$M	$M
Développement économique et régional et Recherche	2.0	43.5	**45.5**
Éducation	49.1	-	**49.1**
Emploi, Solidarité sociale et Famille	10.0	-	**10.0**
Revenu	117.2	-	**117.2**
Other departments	6.8	0.9	**7.7**
TOTAL	**185.1**	**44.4**	**229.5**
2003-2004 COMPARATIVE EXPENDITURE	175.7	48.3	224.0

APPENDIX 3.1

NATURE OF THE EXPENDITURE CATEGORIES PRESENTED IN THIS CHAPTER

REMUNERATION

- Remuneration expenditures encompass the salaries of health professionals and employees of the health and social services network, the education networks and the public service, employer contributions to the retirement plans and employer contributions paid to the various established government plans and the group insurance plan.

OPERATING

- Operating and other expenditures include the support and administrative expenditures of departments and agencies, including the Contingency Fund, those of the health and social services network and those of the education networks. Also included are expenditures related to depreciation of fixed assets of departments and agencies.

CAPITAL

- Capital expenditures include subsidized fixed assets and allocations to special funds for the purposes of commitments inherent in their fixed assets. The government subsidizes, as the case may be, the cost of the beneficiaries' fixed assets or repayment of the principal amount of loans contracted by its partners.

- Expenditures for repayment of principal serve to assume the financing of the government share of fixed assets subsidized by debt service. This type of interventions applies to capital expenditures by school boards, CEGEPs, universities, and health and social service establishments, by municipalities (in the case of public transportation and sewage treatment) and by cultural institutions in the case of cultural facilities.

- For these sectors, completed capital spending projects are financed by long-term borrowing. The repayment schedule, as the case may be, may extend over a 25-year period. To cover its share, the government undertakes to repay all or part of the principal.

INTEREST

- Interest expenditures include expenditures allocated for servicing the debt attributable to program spending, and expenditures to pay the interest on government debt.

SUPPORT

- Support expenditures include various other subsidies intended to provide various forms of financial assistance to individuals, businesses, government and parapublic agencies and other government partners.

  - In the "Santé et Services sociaux" portfolio, the health assistance and prescription drug insurance programs administered by the Régie de l'assurance maladie du Québec and assistance to family resources, assistance to community organizations and auxiliary grants for the health and social services network;

  - In the "Éducation" portfolio, the School Transportation Assistance Program and the Financial Assistance to Education Program;

  - In the "Emploi, Solidarité sociale et Famille" portfolio, the financial assistance measures, the employment assistance measures, the child allowance programs and the support for early childcare centres and other childcare services.

- In the other portfolios, they include programs such as :

  - The Social Housing Assistance and Home Improvement Assistance programs administered by Société d'habitation du Québec;

  - Financial compensation programs at the Ministère des Affaires municipales, du Sport et du Loisir;

  - Financial support for farmers and bio-food company assistance programs at the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation;

  - Assistance programs to municipalities for public transportation at the Ministère des Transports;

  - The financial support program for the manufacturing and commercial sectors, the development of external trade and financial support for development of research and innovation at the Ministère du Développement économique et régional et de la Recherche.

APPENDIX 3.2

2004-2005 EXPENDITURE BUDGET BREAKDOWN BY CATEGORY (IN MILLIONS OF $)

	Remuneration	Operating and other[1]	Capital	Interest	Support	Total
Affaires municipales, Sport et Loisir	75.0	23.7	232.1	404.7	952.5	1,688.0
Agriculture, Pêcheries et Alimentation	162.2	60.0	20.5	-	404.1	646.8
National Assembly	68.4	25.7	-	-	0.2	94.3
Conseil du trésor et Administration gouvernementale	409.1	147.2	1.7	8.5	1.8	568.3
Conseil exécutif	34.5	54.0	5.1	7.3	161.1	262.0
Culture et Communications	148.8	86.6	71.4	48.4	176.2	531.4
Développement économique et régional et Recherche	127.3	143.8	48.5	26.9	465.8	812.3
Éducation	9,016.5	1,186.1	470.9	615.0	489.1	11,777.6
Emploi, Solidarité sociale et Famille	371.0	168.4	49.5	9.8	5,371.9	5,970.6
Environnement	103.2	45.8	5.9	2.0	9.1	166.0
Finances	75.1	140.5	-	-	5.1	220.7
Justice	336.9	185.1	0.5	-	40.5	563.0
Persons appointed by the National Assembly	36.3	15.4	-	-	2.7	54.4
Relations avec les citoyens et Immigration	117.6	39.9	-	-	18.3	175.8
Relations internationales	51.5	25.2	0.8	0.4	21.9	99.8
Ressources naturelles, Faune et Parcs	197.7	129.2	17.7	23.5	64.4	432.5
Revenu	334.9	247.2	29.9	5.6	0.1	617.7
Santé et Services sociaux	13,956.2	3,102.3	287.4	269.5	2,455.7	20,071.1
Sécurité publique	569.4	276.4	5.9	0.6	32.8	885.1
Transports	299.0	452.3	430.3	300.3	163.0	1,644.9
Travail	41.1	22.7	-	-	0.2	64.0
Anticipated lapsed appropriations	-	(150.0)	-	-	-	(150.0)
Appropriations carried over in 2005-2006	-	(45.3)	-	-	-	(45.3)
Program spending	**26,531.7**	**6,382.2**	**1,678.1**	**1,722.5**	**10,836.5**	**47,151.0**
Government debt service	-	-	-	6,939.0	-	6,939.0
Total expenditures	**26,531.7**	**6,382.2**	**1678.1**	**8,661.5**	**10,836.5**	**54,090.0**

[1] This heading includes the provision for bad debts, anticipated lapsed appropriations and appropriations carried over in 2005-2006.

APPENDIX 3.3

2004-2005 EXPENDITURE BUDGET BREAKDOWN BY BENEFICIARY (in millions of $)

	Departments[1]	Health and social service establishments	Educational institutions	Individuals	Municipalities	Businesses	Other[2]	Total
Affaires municipales, Sport et Loisir	73.1	-	20.5	160.2	1,155.1	13.1	266.0	1,688.0
Agriculture, Pêcheries et Alimentation	170.3	-	1.8	-	3.7	402.7	68.3	646.8
National Assembly	94.1	-	-	0.1	-	-	0.1	94.3
Conseil du trésor et Administration gouvernementale	542.3	1.5	22.9	-	-		1.8	568.5
Conseil exécutif	88.6	-	0.6	-	16.1	1.0	155.6	262.1
Culture et Communications	93.9	-	2.0	10.7	51.5	46.6	326.5	531.2
Développement économique et régional et Recherche	190.7	61.4	84.7	23.2	2.4	165.6	284.3	812.3
Éducation	192.8	-	11,304.0	220.0	-	-	60.8	11,777.6
Emploi, Solidarité sociale et Famille	570.2	-	92.3	3,565.0	-	286.5	1,456.6	5,970.6
Environnement	149.1	-	0.2	-	9.1	-	7.6	166.0
Finances	200.8	-	-	-	-	-	19.9	220.7
Justice	384.8	-	-	94.3	-	-	83.9	563.0
Persons appointed by the National Assembly	51.7	-	-	-	-	-	2.7	54.4
Relations avec les citoyens et Immigration	157.3	-	-	7.2	0.4	-	10.9	175.8
Relations internationales	76.8	-	1.2	2.0	-	-	19.8	99.8
Ressources naturelles, Faune et Parcs	342.1	-	0.5	-	12.6	32.1	45.2	432.5
Revenu	617.6	-	-	-	-	-	0.1	617.7
Santé et Services sociaux	146.0	13,798.8	-	5,412.1	-	180.7	533.5	20,071.1
Sécurité publique	852.3	-	-	1.4	22.5	-	8.9	885.1
Transports	1,212.5	-	0.6	1.4	331.9	13.9	84.6	1,644.9
Travail	56.7	-	-	-	-	-	7.2	63.9
Anticipated lapsed appropriations	(150.0)	-	-	-	-	-	-	(150.0)
Appropriations carried over in 2005-2006	(45.3)	-	-	-	-	-	-	(45.3)
Total expenditures	**6,068.4**	**13,861.7**	**11,531.5**	**9,497.6**	**1,605.3**	**1,142.2**	**3,444.3**	**47,151.0**

1 Includes expenses entered under special funds, anticipated lapsed appropriations and appropriations carried over in 2005-2006.
2 Includes non-profit organizations and government corporations and agencies.

CHAPTER 4

PUBLIC SERVICE STAFF LEVEL

PUBLIC SERVICE STAFF LEVEL
IN BRIEF

- The public service staff level amounts to approximately 75,800 full time equivalents (FTEs) [1] in 2003-2004.

- Since 1997-1998, the public service staff level has grown constantly, rising from 63,700 to 75,800 FTEs. A moratorium on the recruiting of regular and casual employees of government departments, agencies and corporations whose staff is subject to the Public Service Act, (R.S.Q., c. F-3.1.1) is in force from February 10 to April 30, 2004.

- The budgeted staff level envelope of departments and budget-funded agencies is 1,109 FTEs greater than the one established in 2003-2004. An adjustment of 1,074 FTEs was allocated to the "Sécurité publique" portfolio, primarily following integration of abolished municipal police forces.

- In the case of government corporations and other agencies whose staff is subject to the Public Service Act, (R.S.Q., c. F-3.1.1), the forecast staff level for 2004-2005 exceeds by 338 FTEs the forecast established in 2003-2004 and includes an adjustment of 203 FTEs to the Régie de l'assurance maladie du Québec.

1 See definitions in Appendix 4.1.

1. PUBLIC SERVICE STAFF LEVEL

- The public service staff level discussed in this chapter includes the staff of departments and budget-funded agencies and the personnel of government corporations and other agencies subject to the Public Service Act, (R.S.Q., c. F-3.1.1).

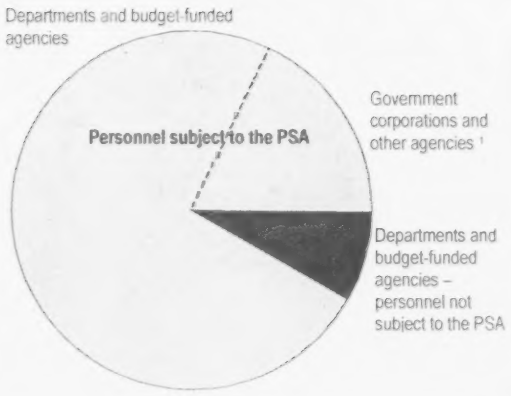
  A definition and certain terms and conditions regarding the public service staff level can be found in Appendix 4.2.

- The public service staff level amounts to approximately 75,800 FTEs in 2003-2004.

  The staff of government departments, agencies and corporations subject to the Public Service Act, (R.S.Q., c. F-3.1.1) represents some 69,700 FTEs.

  The balance, or 6,100 FTEs, is related to the staff of departments and budget-funded agencies whose staff is not subject to the Public Service Act, (R.S.Q., c. F-3.1.1).

Graph 4.1 **PUBLIC SERVICE STAFF LEVEL IN 2003-2004**


Departments and budget-funded agencies
Personnel subject to the PSA
Government corporations and other agencies [1]
Departments and budget-funded agencies – personnel not subject to the PSA

	Subject to the PSA	Not subject to the PSA	Total
	FTEs	FTEs	
Departments and budget-funded agencies [2]	56,100	6,100	**62,200**
Government corporations and other agencies	13,600	N.A.	**13,600**
Total	**69,700**	**6,100**	**75,800**

1 Including government corporations, agencies performing fiduciary activities and consolidated agencies whose personnel is subject to the Public Service Act (R.S.Q., c. F-3.1.1).

2 The utilized staff level for departments and budget-funded agencies includes the special funds and the G.S.T. Administration Account of the Ministère du Revenu.

1. PUBLIC SERVICE STAFF LEVEL

- The public service staff level discussed in this chapter includes the staff of departments and budget-funded agencies and the personnel of government corporations and other agencies subject to the Public Service Act, (R.S.Q., c. F-3.1.1).

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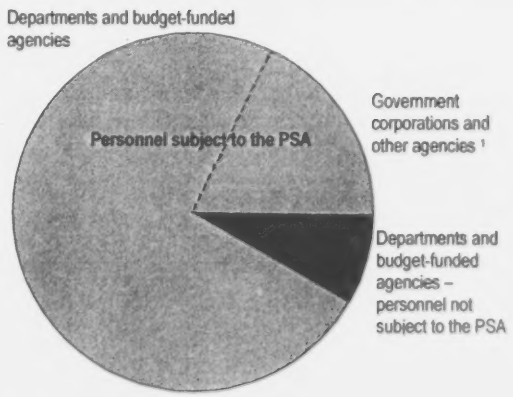
Graph 4.1 **PUBLIC SERVICE STAFF LEVEL IN 2003-2004**


Departments and budget-funded agencies
Personnel subject to the PSA
Government corporations and other agencies 1
Departments and budget-funded agencies – personnel not subject to the PSA

	Subject to the PSA	Not subject to the PSA	Total
	FTEs	FTEs	
Departments and budget-funded agencies [2]	56,100	6,100	**62,200**
Government corporations and other agencies	13,600	N.A.	**13,600**
Total	**69,700**	**6,100**	**75,800**

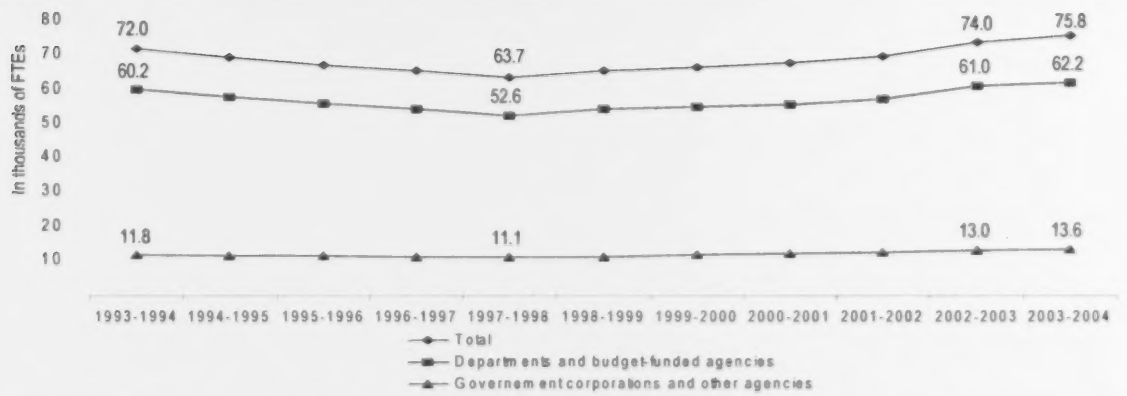
1 Including government corporations, agencies performing fiduciary activities and consolidated agencies whose personnel is subject to the Public Service Act (R.S.Q., c. F-3.1.1).

2 The utilized staff level for departments and budget-funded agencies includes the special funds and the G.S.T. Administration Account of the Ministère du Revenu.

2. EVOLUTION OF THE PUBLIC SERVICE STAFF LEVEL

- A significant reduction in the staff level was observed between 1993-1994 and 1997-1998. This reduction reflects the efforts to reduce the deficit.
- The increase observed from 1997-1998 is mainly due to:
  - Canada-Québec Labour Market Agreement;
  - integration of municipal police forces following the reorganization of police services (police map), police security on the highway network and increased focus on fighting organized crime;
  - addition of resources to the correctional sector;
  - implementation of measures against tax evasion and the intensification of the fight against the underground economy;
  - improvement of highway control and the implementation of an drunk driving awareness program;
  - management of the prescription drug insurance plan and management of the agreements with the medical federations.
- The Conseil du trésor adopted a moratorium on the recruiting of regular and casual employees of government departments, agencies and corporations whose personnel is subject to the Public Service Act, (R.S.Q. c. F-3.1.1). This moratorium is in force from February 10 to April 30, 2004.

Graph 4.2 **EVOLUTION OF THE UTILIZED STAFF LEVEL OF THE PUBLIC SERVICE [1, 2]**



1 These figures reflect the utilized staff level and are presented for each of the years on the same basis as the data for 2004-2005.

2 Detailed tables presented in Appendices 4.3 and 4.4 compare the utilized staff level over the past ten years to the total staff level envelope forecast.

3. THE TOTAL STAFF LEVEL ENVELOPE FOR DEPARTMENTS AND AGENCIES APPEARING IN THE 2004-2005 EXPENDITURE BUDGET

- The total staff level envelope for government departments and budget-funded agencies forecast at the tabling of the 2003-2004 Expenditure Budget was 58,205 FTEs. This envelope was increased by 1,230 FTEs during the fiscal year. The most significant variations can be found in the following portfolios:

  — "Sécurité publique" portfolio: increase of 1,074 FTEs, particularly including the adjustment of 950 FTEs in the Police Services Fund following the integration of abolished municipal police forces and 118 FTEs to the Department for the addition of correction services officers to meet the new obligations resulting from court decisions;

  — "Revenu" portfolio: increase of 112 FTEs to intensify actions in fighting the underground economy.

- The envelope forecast for 2004-2005 is 59,314 FTEs, which represents a decrease of 121 FTEs from the comparative envelope for 2003-2004.

  The most significant variation is observed in the "Développement économique et régional et Recherche" portfolio, with a decrease of 106 FTEs, including 89 FTEs following the reorganization of the Department.

Table 4.1 **VARIATION IN THE TOTAL STAFF LEVEL ENVELOPE OF THE DEPARTMENTS AND AGENCIES APPEARING IN THE EXPENDITURE BUDGET** [1, 2]

	FTEs
Total staff level forecast in the 2003-2004 Expenditure Budget	58,205
Plus: Adjustments made during the fiscal year	1,230
2003-2004 staff level shown in the 2004-2005 Expenditure Budget	59,435 [3]
Plus: Adjustments forecast for 2004-2005	(121)
TOTAL STAFF LEVEL FORECAST IN 2004-2005	**59,314**

1 The figures are presented on the same basis as for the 2004-2005 fiscal year.

2 The distribution by portfolio is presented in Appendix 4.5.

3 The difference from the total utilized staff level (62,177 FTEs) essentially comes from management agreements and use of the leeway described in Appendix 4.2.

4. TOTAL STAFF LEVEL ENVELOPE OF CORPORATIONS AND OTHER AGENCIES WHOSE PERSONNEL IS SUBJECT TO THE PUBLIC SERVICE ACT

- Since the beginning of the 2003-2004 fiscal year, the total staff level of corporations and other agencies has increased by 338 FTEs, from 12,920 FTEs to 13,258 FTEs.
- This growth is derived in part from adjustments and is found particularly within the following agencies:
  - Régie de l'assurance maladie du Québec: adjustment of 203 FTEs, particularly in response to the increase in the volume of services provided by the call centres, for management of agreements with the medical federations and for information technology services;
  - Société de l'assurance automobile du Québec: increase of 90 FTEs to maintain and preserve services;
  - Régie des rentes du Québec: increase of 36 FTEs, including 33 FTEs to account for the services to be delivered to its clientele. This increase of 33 FTEs results from the management agreement executed between the agency and the Conseil du trésor, which authorizes an annual growth rate of 3.0% of the total staff level envelope.

Table 4.2 VARIATION IN THE TOTAL STAFF LEVEL ENVELOPE OF CORPORATIONS AND OTHER AGENCIES WHOSE PERSONNEL IS SUBJECT TO THE PUBLIC SERVICE ACT [1]

	FTEs
Staff level forecast for corporations and agencies when the 2003-2004 Expenditure Budget was tabled	12,920
Plus: Adjustments during the fiscal year	338
TOTAL STAFF LEVEL ENVELOPE FORECAST IN 2004-2005 [2]	**13,258**

1 The breakdown by portfolio is presented in Appendix 4.6.

2 This figure is an estimate.

APPENDIX 4.1

DEFINITIONS

- **Total utilized staff level**: Number of regular and casual employees, expressed in FTEs, who have actually been remunerated.

- **Regular staff level envelope**: Maximum number of permanent or temporary employees who may have a relationship of employment in the public service. The Conseil du trésor annually determines an envelope for each department and agency and, when applicable, for each special fund.

- **Total staff level envelope**: Maximum number of permanent and casual employees, expressed in FTEs, who can be remunerated. The Conseil du trésor annually determines an envelope for each department and agency and, when applicable, for each special fund.

- **Full-time equivalent (FTE)**: FTE is the ratio between the work benefit of an employee during the course of the year, compared to that of an employee who has worked on a full-time basis throughout the year.

  For example, the FTE of a person who holds a full-time job and has worked throughout the year equals 1. The FTE of a person working on a part-time basis, at reduced hours or only for a portion of the year, varies between 0 and 1. Lastly, the FTE of a person on unpaid leave of absence for an entire year is 0.

APPENDIX 4.2

PUBLIC SERVICE STAFF LEVEL: DEFINITION, TERMS AND CONDITIONS

DEFINITION

- The public service staff level includes:
  - the personnel subject to the Public Service Act, (R.S.Q, c. F-3.1.1) of government departments, agencies and corporations;
  - the personnel of certain budget-funded agencies not subject to the Act, such as Sûreté du Québec police officers, judges, prosecutors acting for the Attorney General, personnel of the Commission des droits de la personne et des droits de la jeunesse, personnel of the Conseil des services essentiels and Public Protector personnel.
- This staff level does not include students and interns.

TERMS AND CONDITIONS

- The Conseil du trésor approves the staff level envelopes for most of the government departments, agencies and special funds whose staff is subject to the Public Service Act, (R.S.Q., c. F-3.1.1).
- The staff level terms and conditions give to deputy ministers and heads of government agencies the fellowing leeway:
  - The total staff level of a department, agency or corporation may only exceed the authorized staff level envelope by 3.0%;
  - The total staff level of a special fund can be exceeded if the increase in staff level is funded by an equivalent increase in revenues;
  - The regular authorized staff level may be temporarily exceeded by a maximum of 10.0% of the number of retirements forecast between May 21, 2002 and March 31, 2007.
- In addition, certain departments and agencies have entered into management agreements with the Conseil du trésor for all or part of their activities. The majority of these agreements include the possibility of hiring as many casual employees as the need justifies, regardless of the total staff level envelope.

APPENDIX 4.3

CHANGE IN TOTAL STAFF LEVEL OF DEPARTMENTS AND AGENCIES PRESENTED IN THE 2004-2005 EXPENDITURE BUDGET [1]

	Total staff level forecast [2]		Total utilized staff level	
	FTEs	Variation	FTEs	Variation
1993-1994	63,162		60,235	
1994-1995	60,409	(2,753)	57,967	(2,268)
1995-1996	59,553	(856)	55,894	(2,073)
1996-1997	56,630	(2,923)	54,391	(1,503)
1997-1998	54,365	(2,265)	52,573	(1,818)
1998-1999	55,120	755	54,347	1,774
1999-2000	55,223	103	54,887	540
2000-2001	56,144	921	55,549	662
2001-2002 [3]	57,127	983	57,359	1,810
2002-2003 [3]	58,205	1,078	61,043	3,684
2003-2004 [3, 4]	59,435	1,230 [5]	62,177	1,134

1 The figures are presented on the same basis as for the 2004-2005 fiscal year.

2 The total staff level does not take into account the addition of non-recurring staff levels authorized during the year.

3 The difference between the total utilized staff level and the total staff level forecast essentially comes from the use of the leeway described in Appendix 4.2.

4 The total staff level forecast corresponds to the 2003-2004 comparative staff level shown in Volumes I and II of the 2004-2005 Expenditure Budget.

5 The variation in the total staff level forecast in 2003-2004 of 1,230 FTEs is primarily found in the "Sécurité publique" portfolio, with an increase of 1,074 FTEs, mainly following the integration of abolished municipal police forces.

APPENDIX 4.4

CHANGE IN TOTAL STAFF LEVEL OF CORPORATIONS AND OTHER AGENCIES WHOSE STAFF IS SUBJECT TO THE PUBLIC SERVICE ACT [1]

	Total staff level forecast [2]		Total utilized staff level	
	FTEs	Variation	FTEs	Variation
1993-1994	12,039		11,782	
1994-1995	11,588	(451)	11,447	(335)
1995-1996	11,824	236	11,397	(50)
1996-1997	11,646	(178)	11,299	(98)
1997-1998	11,298	(348)	11,131	(168)
1998-1999	11,309	11	11,286	155
1999-2000	11,642	333	11,748	462
2000-2001	11,916	274	12,140	392
2001-2002 [3]	11,977	61	12,479	339
2002-2003 [3]	12,694	717	12,963	484
2003-2004 [3]	13,258	564	13,584	621

1 The figures are presented on the same basis as for the 2004-2005 fiscal year.

2 The total staff level takes into account the addition of non-recurring staff levels authorized during the year.

3 The difference between the total utilized staff level and the total staff level forecast essentially comes from the management agreements and the use of the leeway described in Appendix 4.2.

APPENDIX 4.5

TOTAL STAFF LEVEL ENVELOPE IN 2003-2004 AND 2004-2005 FOR DEPARTMENTS AND AGENCIES APPEARING IN THE 2004-2005 EXPENDITURE BUDGET [1]

	2003-2004 Expenditure Budget [2]	Variation	2003-2004 Comparative Staff Level [2]	Variation	2004-2005 Expenditure Budget
	FTEs	FTEs	FTEs	FTEs	FTEs
National Assembly	586	(2)	584	-	584
Persons Appointed by the National Assembly	562	6	568	-	568
Affaires municipales, Sport et Loisir	852	1	853	(6)	847
Agriculture, Pêcheries et Alimentation	2,183	5	2,188	-	2,188
Conseil du trésor et Administration gouvernementale	1,873	(5)	1,868	(17)	1,851
Conseil exécutif	424	9	433	-	433
Culture et Communications	1,033	-	1,033	-	1,033
Développement économique et régional et Recherche	1,590	(5)	1,585	(106)	1,479
Éducation	1,445	3	1,448	-	1,448
Emploi, Solidarité sociale et Famille	6,948	1	6,949	-	6,949
Environnement	1,913	1	1,914	-	1,914
Finances	1,022	(2)	1,020	-	1,020
Justice	3,604	6	3,610	(4)	3,606
Relations avec les citoyens et Immigration	2,612	(1)	2,611	-	2,611
Relations internationales	588	1	589	-	589
Ressources naturelles, Faune et Parcs	4,596	3	4,599	(3)	4,596
Revenu	8,488	112	8,600	15	8,615
Santé et Services sociaux	1,016	20	1,036	-	1,036
Sécurité publique	9,709	1,074	10,783	-	10,783
Transports	6,391	2	6,393	-	6,393
Travail	770	1	771	-	771
TOTAL	**58,205**	**1,230**	**59,435**	**(121)**	**59,314**

1 The staff level includes the special funds and the Ministère du Revenu's G.S.T. Administration Account.

2 The figures are presented on the same basis as for the 2004-2005 fiscal year.

APPENDIX 4.6

TOTAL STAFF LEVEL ENVELOPE IN 2003-2004 AND 2004-2005 FOR CORPORATIONS AND OTHER AGENCIES WHOSE STAFF IS SUBJECT TO THE PUBLIC SERVICE ACT

	Upon tabling of the 2003-2004 Expenditure Budget [1] FTEs	Variation FTEs	Upon tabling of the 2004-2005 Expenditure Budget FTEs
Affaires municipales, Sport et Loisir			
— Société d'habitation du Québec	372	-	**372**
Agriculture, Pêcheries et Alimentation			
— Financière agricole du Québec	651	-	**651**
Conseil du trésor et Administration gouvernementale			
— Commission administrative des régimes de retraite et d'assurances	485	5	**490**
Culture et Communications			
— Régie du cinéma	51	-	**51**
Éducation			
— Institut de tourisme et d'hôtellerie du Québec	244	-	**244**
Emploi, Solidarité sociale et Famille			
— Régie des rentes du Québec	1,107	36	**1,143**
Finances			
— Institut de la statistique du Québec	237	2	**239**
Justice			
— Office des professions du Québec	41	-	**41**
— Tribunal administratif du Québec	275	-	**275**
Ressources naturelles, Faune et Parcs			
— Agence de l'efficacité énergétique	35	1	**36**
Santé et Services sociaux			
— Régie de l'assurance maladie du Québec	1,281	203	**1,484**
Transports			
— Société de l'assurance automobile du Québec	3,006	90	**3,096**
Travail			
— Commissaire de l'industrie de la construction	11	-	**11**
— Commission des lésions professionnelles	442	-	**442**
— Commission des normes du travail	540	1	**541**
— Commission des relations du travail	118	-	**118**
— Commission de la santé et de la sécurité du travail [2]	4,024	-	**4,024**
TOTAL	**12,920**	**338**	**13,258**

1 The figures are presented on the same basis as for the 2004-2005 fiscal year.

2 The staff level envelope forecast for the CSST in 2004-2005 corresponds to the utilized staff level in 2003-2004.

CHAPTER 5

FORECAST INVESTMENTS IN FIXED ASSETS IN 2004-2005

INVESTMENTS IN FIXED ASSETS IN BRIEF

- Investments in fixed assets, including the share of the partners, particularly the municipalities and the private sector, have doubled over the past five years. They increased from $2,615.0 million in 1999-2000 to $5,380.4 million in 2003-2004.

- In 2004-2005, they amount to $5,526.7 million.

  — Investments of $3,347.8 million are forecast in the health and social services and education networks, municipalities, cultural institutions, research infrastructures, municipal infrastructures and education-oriented child-care services, of which:

    - $1,216.4 million is forecast for the health and social services sector;

    - $848.2 million is forecast for the education sector.

    For all of these sectors, the government intends to target new initiatives in cultural facilities and research infrastructures. It will give priority to work intended to maintain assets and complete projects already begun, particularly in the health and social services sector.

  — Investments of $1,179.0 million are forecast in the special funds, which include $824.8 million in the Road Network Preservation and Improvement Fund. In all, the envelope intended for road network preservation and improvement will be the same as last year, or $929.8 million.

  — Investments of $694.8 million are forecast in consolidated agencies, which include an amount of $99.8 million by government corporations in the cultural field.

  — For government departments, investments of $305.1 million, primarily concerning information technology are forecast in 2004-2005; it includes particularly an amount of $20.6 million for e-government.

- The government also decided to favour fixed assets for which the financing will be assured in partnership with the private sector. For their new fixed assets, the departments will have to favour the public-private partnership option.

1. FORECAST INVESTMENTS IN FIXED ASSETS IN 2004-2005

- In 2004-2005, the forecast aggregate investments in fixed assets, including the share of the government and of the partners, amounts to $5,526.7 million, for a growth rate of 2.7% over the previous fiscal year.

  - Forecast investments in the health and social services and education networks, municipalities, cultural institutions, the education-orientation child-care services sector and the research sector add up to $3,347.8 million, or 60.6% of the total. The forecast includes the following new investments:

    - $316.1 million will be initiated under the 4th Competition of the Canada Foundation for Innovation (CFI). The government's contribution amounts to $120.3 million;

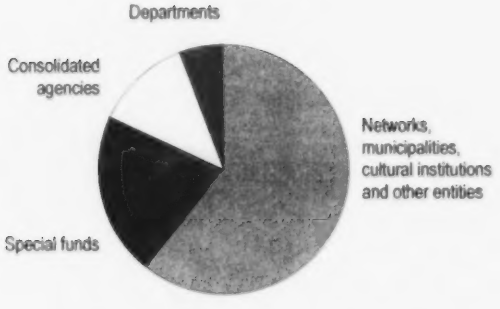
    - A major effort of $150.0 million will be made in the health and social services sector in order to maintain assets and improve the delivery of services;

    - The Québec Reading and Books Policy will lead to investments of $15.0 million.

  - The forecast investments in the special funds represent 21.3% of the total investments, or an amount of $1,179.0 million, those of the consolidated agencies account for 12.6% with $694.8 million and those of the departments are 5.5% of the total, or $305.1 million.

- The nature of these investments is presented in detail in Appendix 5.1.

Graph 5.1 **DISTRIBUTION OF FORECAST INVESTMENTS IN FIXED ASSETS IN 2004-2005 [1]**



	$M	%
Networks, municipalities, cultural institutions and other entities	3,347.8	60.6
Special funds	1,179.0	21.3
Consolidated agencies	694.8	12.6
Departments	305.1	5.5
Total	**5,526.7**	**100.0**

1 The amounts indicated include the share of the government and of the partners.

2. EVOLUTION OF INVESTMENTS IN FIXED ASSETS

- Investments in fixed assets doubled between 1999-2000 and 2003-2004. This growth is explained by the following factors, among others:
  - The Public-Sector Investment Acceleration Plan of $3 billion, announced in the 2002-2003 Budget Speech on November 1, 2001;
  - The major investments made by the Road Network Preservation and Improvement Fund, which grew from $508.0 million in 1999-2000 to $824.0 million in 2003-2004, peaking at $1,281.4 million in 2002-2003;
  - During the same period, the investments of the departments increased by $230.8 million to $334.5 million in 2003-2004. This increase represents an average annual growth rate of 34.0%.
- Various projects, such as the expansion of the Palais des congrès de Montréal, construction of the Bibliothèque nationale du Québec public access library and the extension of the Métro to Laval, also contributed to the increase in investments between 1999-2000 and 2003-2004.
- In 2004-2005, the forecast growth rate is 2.7%.

Table 5.1 EVOLUTION OF INVESTMENTS IN FIXED ASSETS [1]

	Actual disbursements 1999-2000 $M	Actual disbursements 2000-2001 $M	Actual disbursements 2001-2002 $M	Actual disbursements 2002-2003 $M	Probable disbursements 2003-2004 $M	**Forecast disbursements 2004-2005 $M**
Networks, municipalities, cultural institutions and other entities	1,565.4	1,670.7	1,883.9	2,424.6	3,496.9	**3,347.8**
Special funds	672.0	674.9	1,060.0	1,576.2	1,128.6	**1,179.0**
Consolidated agencies	273.9	384.2	264.7	681.7	420.5	**694.8**
Departments	103.7	168.6	174.7	237.6	334.5	**305.1**
TOTAL	**2,615.0**	**2,898.4**	**3,383.3**	**4,920.1**	**5,380.5**	**5,526.7**
Growth	-	283.4	484.9	1,536.7	460.4	**146.3**
Percentage	-	*10.8%*	*16.7%*	*45.4%*	*9.4%*	**2.7%**

1 The amounts indicated include the share of the government and of the partners.

3. INVESTMENTS IN FIXED ASSETS IN THE NETWORKS, MUNICIPALITIES, CULTURAL INSTITUTIONS AND OTHER ENTITIES

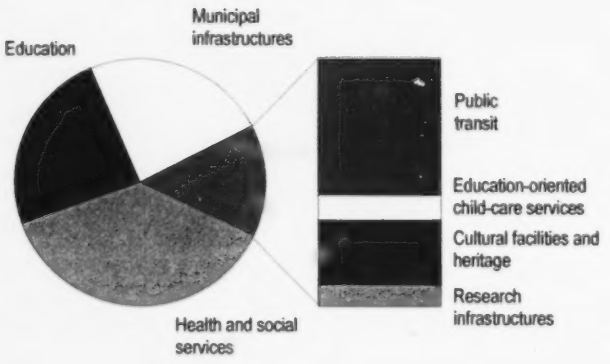
- The investments in fixed assets forecast in the networks, municipalities, cultural institutions and other entities outside the government reporting entity amount to $3,347.8 million in 2004-2005. The forecast contribution of the partners represents 23.9% of the total of these investments, or $799.4 million.

- Each year, the departments concerned submit three-year capital budget plans to the Conseil du trésor. These plans indicate the costs related to the completion of the projects authorized previously, asset maintenance needs and the cost of new initiatives.

- These investments are financed by means of long-term loans contracted by the networks, municipalities, cultural institutions and other entities outside the government reporting entity. The government's contribution takes the form of a total or partial assumption of their debt service, spread over a term of up to 25 years.

- The health and social services, education and municipal infrastructures sectors receive 85.7% of the budget for forecast investments in fixed assets in the networks, municipalities, cultural institutions and other entities.

Graph 5.2 **FORECAST INVESTMENTS IN FIXED ASSETS IN THE NETWORKS, MUNICIPALITIES AND OTHER INSTITUTIONS IN 2004-2005** [1]



	$M	%
Health and social services	1,216.4	36.3
Municipal infrastructures	807.3	24.1
Education	848.2	25.3
Public transit	264.5	8.0
Education-oriented child-care services	50.1	1.5
Cultural facilities and heritage	124.1	3.7
Research infrastructures	37.2	1.1
Total	**3,347.8**	**100.0**

[1] The amounts indicated include the share of the government and of the partners.

HEALTH AND SOCIAL SERVICES

- In 2004-2005, the forecast investment in this sector amounts to $1,216.4 million compared to $1,105.7 million in 2003-2004, up 10.0%. This increase is primarily explained by the increase in the amounts allocated to asset maintenance, the purchase of medical equipment and the investments initiated in 2003-2004 concerning Centre hospitalier Honoré-Mercier and Centre hospitalier Pierre-Boucher, respectively located in St-Hyacinthe and Longueuil.

EDUCATION

- In 2004-2005, the forecast investments amount to $848.2 million: $466.9 million in the school boards and $381.3 million in the CEGEPs and universities, which represents a decrease of $267.2 million compared to 2003-2004.

- The school board's investments are up slightly by $26.0 million, while a reduction of $293.2 million is noted in the college and university sector. This decline is the result of the completion of the bulk of the $400.0 million in education projects announced in fall 2001 under the Public-Sector Investment Acceleration Plan.

MUNICIPAL INFRASTRUCTURES

- In 2004-2005, the forecast investments amount to $807.3 million, an increase of $57.6 million compared to the investments of $749.7 million in 2003-2004. This growth is due to the "Québec-Municipalities Infrastructure Works" and "Urban Renewal and Town Improvement" programs.

PUBLIC TRANSIT

- In 2004-2005, the forecast investments in this sector are $264.5 million, compared to $297.7 million in 2003-2004. This decrease of $33.2 million is explained by the purchase, in 2003-2004, of a large number of low-floor buses. However, these forecasts exclude the investments of the Agence métropolitaine de transport, which are considered in the section of this chapter on consolidated agencies.

RESEARCH INFRASTRUCTURES

- The forecast investments in 2004-2005 are established at $37.2 million, a level similar to that of the previous year. They essentially concern the "Support for Infrastructure Financing" program. It should be noted that the investments made under the 4th Competition of the CFI are allocated to the health and social services and education sectors.

EDUCATION-ORIENTED CHILD-CARE SERVICES

- In 2004-2005, the government is continuing its program for the development of new places in education-oriented child-care services and forecasts investments of $50.1 million in this sector.

CULTURAL FACILITIES AND HERITAGE

- The forecast investments in 2004-2005 are estimated at $124.1 million, compared to $119.0 million in 2003-2004. New investments will be made in this sector, particularly concerning the Québec Reading and Books Policy. However, these forecasts exclude the investments of government corporations reporting to the minister of Culture and Communications, which are considered in the section of this chapter on consolidated agencies.

Table 5.2 **INVESTMENTS IN FIXED ASSETS IN THE NETWORKS, MUNICIPALITIES AND OTHER INSTITUTIONS [1]**

	Forecast disbursements 2004-2005 $M	Probable disbursements 2003-2004 $M	Variation $M
HEALTH AND SOCIAL SERVICES	**1,216.4**	1,105.7	110.7
EDUCATION			
School boards	**466.9**	440.9	26.0
CEGEPs and universities	**381.3**	674.5	(293.2)
	848.2	1,115.4	(267.2)
OTHER SECTORS			
Municipal infrastructures	**807.3**	749.7	57.6
Public transit [2]	**264.5**	297.7	(33.2)
Cultural facilities and heritage [3]	**124.1**	119.0	5.1
Education-oriented child-care services	**50.1**	66.3	(16.2)
Research infrastructures [4]	**37.2**	43.0	(5.7)
	1,283.2	1,275.7	7.6
TOTAL	**3,347.8**	**3,496.9**	**(149.1)**
Share of the government	**2,548.4**	2,201.8	346.6
Share of the partners	**799.4**	1,295.1	(495.7)
% share of the partners	**23.9**	*37.0*	*(13.1)*

1 The amounts indicated include the share of the government and of the partners.

2 The amounts shown exclude public transit projects under the responsibility of the Agence métropolitaine de transport, which are presented in the section on consolidated agencies.

3 The amounts shown exclude the projects of government corporations in the cultural field presented in the section on consolidated agencies.

4 The amounts shown exclude the projects to be made under the 4th Competition of the CFI, which are primarily found in the health and social services and education sectors.

4. INVESTMENTS IN FIXED ASSETS IN THE SPECIAL FUNDS

- The forecast investments in the special funds total $1,179.0 million in 2004-2005, compared to $1,128.6 million in 2003-2004, up 4.5% or $50.4 million over the previous fiscal year.
- In 2004-2005, the forecast investments by the Road Network Preservation and Improvement Fund are at a similar level to the previous year, or $824.8 million compared to $824.0 million in 2003-2004. The Fund's investments correspond to projects for preservation of pavements and structures and for improvement and development of the road network.
- For the information technology funds, the forecast level of their investments in 2004-2005 amounts to $124.6 million, up $20.9 million compared to 2003-2004, particularly due to the Information Technology Fund of the Ministère du Revenu, which forecasts investment growth of $16.9 million in 2004-2005.
- The forecast investments in the other special funds are greater than for the previous fiscal year, increasing from $200.9 million in 2003-2004 to $229.6 million in 2004-2005. An increase of $28.7 million is attributable to various increases, including $44.2 million for the Fonds des services gouvernementaux, and a decrease of $17.5 million in the investments of the Disaster Assistance Fund for Certain Areas.

Table 5.3 **INVESTMENTS IN FIXED ASSETS IN THE SPECIAL FUNDS**

	Forecast disbursements 2004-2005 $M	Probable disbursements 2003-2004 $M	Variation $M
Road Network Preservation and Improvement Fund [1]	**824.8**	824.0	0.8
Information Technology Funds	**124.6**	103.7	20.9
Other special funds	**229.6**	200.9	28.7
TOTAL	**1,179.0**	**1,128.6**	**50.4**

[1] The total amount of investments of the Road Network Preservation and Improvement Fund for the year 2004-2005 amounts to $929.8 million, including non-capitalizable expenditures of $105.0 million.

5. INVESTMENTS IN FIXED ASSETS OF THE CONSOLIDATED AGENCIES

- The forecast investments in fixed assets of the consolidated agencies represent a total of $694.8 million in 2004-2005 compared to $420.5 million in 2003-2004, up 65.2% or $274.3 million. The agencies making the biggest investments in 2004-2005 are the Agence métropolitaine de transport (AMT), with $325.9 million, Société immobilière du Québec (SIQ) with $170.0 million and the government corporations in the cultural field with $99.8 million.

- The $231.1-million increase in the AMT's investments is primarily explained by the Métro extension to Laval. The AMT plans, coordinates, integrates and promotes public transit services and intervenes to improve the efficiency of metropolitan roads. In addition, the AMT contributes to the trip management plan for the Montréal metropolitan region, known as the *Plan de gestion des déplacements de la région métropolitaine de Montréal.*

- In 2004-2005, the forecast investment by the SIQ amounts to $170.0 million, compared to $185.0 million in 2003-2004. This agency's mission is to accommodate Québec government departments and agencies. It manages the government real estate inventory.

- The forecast investments of government corporations in the cultural field increase by $25.5 million in 2004-2005 to $99.8 million. This increase is particularly explained by the construction of the Bibliothèque nationale du Québec public access library and the purchase of digital equipment by the Société de télédiffusion du Québec (Télé-Québec).

- The $32.7-million increase for other agencies is also explained by the investments made by the following agencies:

  — $22.6 million concerning Société du Palais des congrès de Montréal;

  — $18.6 million for the renovation of the Institut de tourisme et d'hôtellerie du Québec.

Table 5.4 **INVESTMENTS IN FIXED ASSETS IN THE CONSOLIDATED AGENCIES**

	Forecast disbursements 2004-2005 $M	Probable disbursements 2003-2004 $M	Variation $M
Agence métropolitaine de transport	**325.9**	94.8	231.1
Société immobilière du Québec	**170.0**	185.0	(15.0)
Government corporations in the cultural field	**99.8**	74.3	25.5
Other agencies	**99.1**	66.4	32.7
TOTAL	**694.8**	**420.5**	**274.3**

6. INVESTMENTS IN FIXED ASSETS IN THE DEPARTMENTS

- The forecast investments in fixed assets in the departments reach $305.1 million in 2004-2005 compared to $334.5 million in 2003-2004. They are primarily made in the following portfolios:

  — "Transports": investments of $42.8 million, completely dedicated to the needs of maritime and air transportation, information technology development and acquisition of material and equipment;

  — "Ressources naturelles, Faune et Parcs": investments of $40.0 million, primarily allocated to the wildlife and parks field;

  — "Éducation": investments of $39.8 million, particularly attributable to the continuity and implementation of information technology development;

  — "Sécurité publique": $20.2 million is allocated to the activities of the Sûreté du Québec, out of total investments of $29.9 million;

  — "Justice": total investments of $28.6 million, essentially intended for information technology development under the Justice Integrated Information System;

  — "Conseil du trésor et Administration gouvernementale": $20.6 million, essentially earmarked for the implementation of e-government.

Table 5.5 **INVESTMENTS IN FIXED ASSETS IN THE DEPARTMENTS**

	Forecast disbursements 2004-2005 $M	Probable disbursements 2003-2004 $M	Variation $M
Conseil du trésor et Administration gouvernementale	**20.6**	13.6	7.0
Éducation	**39.8**	34.7	5.1
Justice	**28.6**	35.9	(7.3)
Ressources naturelles, Faune et Parcs	**40.0**	42.1	(2.1)
Sécurité publique	**29.9**	30.3	(0.4)
Transports	**42.8**	49.7	(6.9)
Other departments	**103.4**	128.2	(24.8)
TOTAL	**305.1**	**334.5**	**(29.4)**

APPENDIX 5.1

NATURE OF THE INVESTMENTS IN FIXED ASSETS CONSIDERED IN THIS CHAPTER

- The data on public investments in fixed assets presented in this chapter are divided into three groups:

  — Investments made by entities outside the government reporting entity but which depend on government financial assistance: the health and social services network, the education networks, municipalities, non-governmental institutions generally of a cultural nature, such as libraries, museums and concert halls, or regarding the preservation of the religious heritage of dioceses, parish councils or religious communities, the development of education-oriented child-care services and, finally, the research sector.

  - Investments made by school boards, CEGEPs and universities mainly concern the expansion, renovation, rehabilitation and construction of schools or teaching facilities and the acquisition of furniture, equipment and apparatus required for the operation of the buildings.

  - Investments made in the health and social services network concern the construction, expansion, renovation and rehabilitation of hospitals, long-term care centres, rehabilitation centres and CLSCs, acquisition of furniture and medical and non-medical equipment, and development and purchasing of computer systems.

  - Investments in municipal infrastructures mainly concern construction, rehabilitation or expansion of infrastructures, urban renewal of neighbourhoods and beautification of village cores. Also included are construction of sewage treatment plants and sewage interceptors and rehabilitation of sewer systems leading to sewage treatment plants, as well as aqueduct and sewer projects. These capital investments include the *Les eaux vives du Québec* program, for the purpose of enabling municipalities to install, replace or improve drinking water and sewage infrastructures.

  - Investments in public transit fixed assets correspond, among others, to the purchase of city buses, work related to maintenance of Métro infrastructures, including rehabilitation of stations and replacement of escalators, projects to finance certain electronic fare collection equipment and the development of reserved bus lanes and incentive parking.

- Fixed asset for which the debt service is assumed by the Ministère de la Culture et des Communications particularly include construction, expansion and renovation projects for public libraries, concert halls, archive centres, museums and performing arts centres and religious heritage rehabilitation and preservation projects.

- Research infrastructures concern investments relating to infrastructure development in the fields of research, science, technology and innovation. These capital investments are particularly made in the health and postsecondary education sectors and in research centres.

- Investments relating to education-oriented child-care services seek to develop and promote access to quality education-oriented child-care services.

— Investments by the various special funds administered by the departments, a substantial portion of which concerns the road network.

— Investments by government agencies not appearing in Volume II of the 2004-2005 Expenditure Budget but whose financial statements are consolidated with those of the government. It should be noted that the investments of consolidated agencies encompass government corporations in the cultural field and the Agence métropolitaine de transport.

— Investments in the departments allocated to their investment estimates.

❑ Investments in fixed assets of government corporations are excluded from these three groups and are not discussed in this chapter.

CHAPTER 6

CONSOLIDATED GOVERNMENT EXPENDITURES AND RESULTS OF AGENCIES AND SPECIAL FUNDS

CONSOLIDATED EXPENDITURES IN BRIEF

- Government expenditures for the 2004-2005 fiscal year amount to $54,090.0 million, or $47,151.0 million for program spending and $6,939.0 million for the debt service.
- The consolidation of agencies and special funds adds $2,634.0 million to these expenditures, so that consolidated government expenditures in 2004-2005 total $56,724.0 million.
- The results of government agencies and special funds, once consolidation adjustments are considered, have a $256.0 million impact on the government's financial results for the 2004-2005 fiscal year.

1. CONSOLIDATED GOVERNMENT EXPENDITURES

- Consolidated government expenditures include, in addition to program spending and the debt service, the expenditures incurred by agencies and special funds.
- Consolidated government expenditures amount to $56,724.0 million for the 2004-2005 fiscal year, compared to $54,893.0 million in 2003-2004, an increase of $1,831.0 million.
- The consolidation of agencies and special funds adds $2,634.0 million to the forecast government expenditures in 2004-2005, a variation of $209.0 million over the 2003-2004 fiscal year.
- In 2004-2005, the impact of consolidation of the expenditures of agencies and special funds on consolidated government expenditures is at a similar level to that of the previous fiscal year, or 4.6%, compared to 4.4% in 2003-2004.
- The expenditures of agencies and special funds are added to those of the government, after elimination of inter-entity transactions and after harmonization of accounting policies, when applicable. The government's principal accounting policies are presented in Appendix 6.1.

Table 6.1 **CONSOLIDATED GOVERNMENT EXPENDITURES**

	2004-2005 $M	2003-2004 $M	Variation $M
Program spending	**47,151.0**	45,800.0	1,351.0
Debt service	**6,939.0**	6,668.0	271.0
Total expenditures	**54,090.0**	**52,468.0**	**1,622.0**
Impact of consolidation of agencies and special funds	**2,634.0**	2,425.0	209.0
CONSOLIDATED EXPENDITURES	**56,724.0**	**54,893.0**	**1,831.0**

2. EVOLUTION OF THE RESULTS OF AGENCIES AND SPECIAL FUNDS IN 2003-2004

- The forecast results of agencies and special funds in 2003-2004 have been revised upward since the tabling of the 2003-2004 Expenditure Budget, growing from $144.0 million to $267.0 million, an increase of $123.0 million after consolidation adjustments.

- This growth is explained particularly by the upward revision of the forecast results of certain agencies and special funds, such as:

  — $6.9 million for the Financing Fund, which is essentially explained by the increase in business volume;

  — $12.0 million for the Société immobilière du Québec which particularly results from a stronger than forecast decrease in short-term interest rate;

  — $20.1 million for the Land Information Fund in 2003-2004, largely due to the Québec Cadastral Reform Program.

Table 6.2 **EVOLUTION OF THE FORECAST RESULTS OF AGENCIES AND SPECIAL FUNDS**

	2003-2004		
	Revised forecasts **$M**	Expenditure Budget **$M**	Variation **$M**
Special funds	102.2	22.7	79.5
Agencies	74.3	(15.5)	89.8
Total before consolidation	**176.5**	**7.2**	**169.3**
Consolidation adjustments	90.5	136.8	(46.3)
IMPACT OF CONSOLIDATION	**267.0**	**144.0**	**123.0**

3. RESULTS OF CONSOLIDATION OF AGENCIES AND SPECIAL FUNDS IN 2004-2005

- In 2004-2005, the forecast results of agencies and special funds, before consolidation adjustments, amount to $80.7 million.

- After the consolidation adjustments, the overall impact of the results of agencies and special funds on the government's results is established at $256.0 million in 2004-2005, compared to $267.0 million for 2003-2004.

- There are two kinds of consolidation adjustments:

  — The first consists of eliminating inter-entity transactions. These eliminations are necessary to avoid accounting for the same expenditure twice at the time of consolidation;

  — The second type of adjustment results from harmonization of the accounting policies of agencies and special funds with those of the government.

- Appendix 6.2 presents the changes in agencies and special funds and Appendix 6.3 shows the results of agencies and special funds according to their own accounting policies, i.e. before making consolidation adjustments.

Table 6.3 **IMPACT OF CONSOLIDATION OF AGENCIES AND SPECIAL FUNDS ON THE GOVERNMENT'S RESULTS**

	2004-2005			2003-2004
	Revenues $M	Expenditures $M	Results $M	Probable results $M
Special funds	6,294.8	6,264.7	30.1	102.2
Agencies	10,372.4	10,321.8	50.6	74.3
Total before consolidation	**16,667.2**	**16,586.5**	**80.7**	**176.5**
Consolidation adjustments	(13,777.2)	(13,952.5)	175.3	90.5
IMPACT OF CONSOLIDATION	**2,890.0**	**2,634.0**	**256.0**	**267.0**

4. RESULTS OF AGENCIES IN 2004-2005

- In 2004-2005, the results of agencies, before consolidation adjustments, amount to $50.6 million, compared to a surplus of $74.3 million in 2003-2004, or a decrease of $23.7 million. The variation between the results of these two fiscal years is largely explained by the following factors:

  — Two agencies, after recording surpluses in 2003-2004, instead forecast deficits in 2004 2005, i.e.:

  - as probable results, the Bibliothèque nationale du Québec presents a forecast surplus of $0.5 million for the 2003-2004 fiscal year, compared to a deficit of $2.7 million in 2004-2005. It is appropriate to note that the forecast deficit in 2004-2005 is covered by surpluses accumulated in previous fiscal years;

  - as forecast results, the Société québécoise de récupération et de recyclage presents a deficit of $2.4 million in 2004-2005, primarily attributable to a growth in the rhythm of spending of the 2002-2008 Québec Program for the Integrated Management of Scrap Tires and the 2001-2008 Program for the Emptying of Scrap Tire Storage Sites in Québec.

  — Two agencies forecast lower surpluses in 2004-2005, i.e.:

  - the Fonds d'assurance-prêts agricoles et forestiers records a surplus of $8.7 million for the 2003-2004 fiscal year. The forecasts for the 2004-2005 fiscal year instead indicate a surplus of $4.5 million. This smaller surplus is largely explained by a downward revision of the revenue level over insurance charges;

  - the Société immobilière du Québec presents a surplus of $4.9 million in 2004-2005, down $7.1 million from the previous fiscal year. The probable results in 2003-2004 are particularly explained by the stronger than forecast reduction in short-term interest rates.

Table 6.4 **RESULTS OF AGENCIES**

	2004-2005			2003-2004	
	Revenues $M	Expenditures $M	Results $M	Probable results $M	Variation $M
Bibliothèque nationale du Québec	36.0	38.7	(2.7)	0.5	(3.2)
Société québécoise de récupération et de recyclage	28.5	30.9	(2.4)	3.3	(5.7)
Fonds d'assurance-prêts agricoles et forestiers	17.3	12.8	4.5	8.7	(4.2)
Société immobilière du Québec	598.9	594.0	4.9	12.0	(7.1)
Other agencies	9,691.7	9,645.4	46.3	49.8	(3.5)
TOTAL BEFORE CONSOLIDATION	**10,372.4**	**10,321.8**	**50.6**	**74.3**	**(23.7)**

5. RESULTS OF SPECIAL FUNDS IN 2004-2005

- The results of the special funds shows a surplus of $30.1 million for the 2004-2005 fiscal year compared to a surplus of $102.2 million in 2003-2004, a decrease of $72.1 million. The variation is primarily explained by the fact that two funds recorded a surplus in 2003-2004 but forecast a deficit in 2004-2005, i.e.:

  — The probable results forecast by the Assistance Fund for Independent Community Action are a surplus of $8.2 million in 2003-2004 and a deficit of $8.5 million in 2004-2005;

  — The probable results forecast by the Fonds québécois d'initiatives sociales are a surplus of $11.1 million in 2003-2004 and a deficit of $11.1 million in 2004-2005.

  It must be mentioned that the forecast deficits in 2004-2005 for these two funds are covered by surpluses accumulated in previous fiscal years.

- The probable results of the Land Information Fund for the 2003-2004 fiscal year show a surplus of $28.4 million compared to a surplus of $10.7 million in 2004-2005, down $17.7 million.

  This Fund's good performance in 2003-2004 is largely due to the Québec Cadastral Reform Program.

  The lower forecasts of the Land Information Fund in 2004-2005 are explained, by real estate activity, which should generate less revenues, and by an increase in expenditures resulting from the depreciation of the costs related to the land use rights and tenure project as well as the land register and Québec cadastral reforms.

Table 6.5 **RESULTS OF SPECIAL FUNDS**

	2004-2005			2003-2004	
	Revenues $M	Expenditures $M	Results $M	Probable results $M	Variation $M
Assistance Fund for Independent Community Action	26.5	35.0	(8.5)	8.2	(16.7)
Fonds québécois d'initiatives sociales	4.8	15.9	(11.1)	11.1	(22.2)
Land Information Fund	94.2	83.5	10.7	28.4	(17.7)
Other special funds	6,169.3	6,130.3	39.0	54.5	(15.5)
TOTAL BEFORE CONSOLIDATION	**6,294.8**	**6,264.7**	**30.1**	**102.2**	**(72.1)**

APPENDIX 6.1

THE GOVERNMENT REPORTING ENTITY

- The purpose of consolidation is to regroup all financial transactions and resources for which the government is responsible. This provides a comprehensive picture of government finances.

- Since the accounting reform, the government reporting entity encompasses not only the departments and agencies headed by a Minister with budgets funded by appropriations voted by the National Assembly, but all of the agencies, special funds or corporations that are owned or controlled by the government.

- Two methods of consolidation are used, depending on the type of entity involved:

  — The first method, known as the full consolidation method, consists of adding up the accounts of the departments, agencies and special funds line by line. This incorporates their financial transactions, such as the expenditures and debt of agencies, into the government's financial statements. This method applies to the entities appearing in Appendix 6.3.

  — The second method, known as the modified equity method, applies to government corporations. It consists of adding the net results of these corporations (surplus or deficit) to the government's revenue. This method applies to the entities appearing in Appendix 6.4.

FULL CONSOLIDATION METHOD

- Two groups must be distinguished among the entities consolidated line by line: agencies and special funds.

  — The government has created different types of agencies to implement its policies and to provide certain services to the public. While varying in size and status, these agencies, like boards, commissions and corporations, are all more autonomous than departments. The legislation delegates more extensive financial and operating powers to their management. These agencies have more latitude to establish their systems and practices. They can also resort to sources of financing outside the government. However, they come under the authority of a Minister, to whom they must account for all of their financial management.

— Special funds are financial management tools that make it possible, in some situations, to administer the allocated resources by using management methods different from those of the departments. Some funds produce and supply goods or services and derive all or part of their financing from the sale of such goods and services.

— Agencies and special funds depend on departments for their funding. This is why budgeting and management of the departmental budget envelopes consider the agencies, the special funds and the department of the same portfolio, all at the same time. More specifically, the departmental budget envelopes are composed of:

- the expenditure envelope prescribed in Volume II of the Expenditure Budget regarding the Estimates of the Departments and Agencies;

- the net result of the agencies and special fund, namely the difference between their revenue and expenditure.

❑ It is up to each Minister to ensure that the financial situation of the consolidated agencies under his or her responsibility do not have a negative impact on the government's financial results.

MODIFIED EQUITY METHOD

❑ Consolidation of the results of government corporations is considered only in the documents accompanying the Budget Speech because the results of government corporations are considered in the government's balanced budget.

❑ It is important to note that health and social service establishments, educational institutions and property held by agencies performing fiduciary activities (Appendix 6.5) are not included in the government reporting entity.

APPENDIX 6.2

CHANGES IN AGENCIES AND SPECIAL FUNDS

- Some agencies and special funds no longer appear in the Expenditure Budget or their mandate has been amended.

FINANCES

(+) Effective February 1, 2004, the Agence nationale d'encadrement du secteur financier combines the functions and personnel five agencies: the Commission des valeurs mobilières du Québec (agency), the Bureau des services financiers (agency), the Régie de l'assurance-dépôts du Québec (government corporation), the Fonds d'indemnisation des services financiers (fund performing fiduciary activities) and the Inspector General of Financial Institutions (budget-funded agency).

DÉVELOPPEMENT ÉCONOMIQUE ET RÉGIONAL ET RECHERCHE

(-) Effective 2004-2005, the Société de développement de la Zone de commerce international de Montréal à Mirabel will cease its activities.

APPENDIX 6.3

RESULTS OF AGENCIES AND SPECIAL FUNDS

	2004-2005			2003-2004
	Revenues $M	Expenditures $M	Results $M	Results $M
Affaires municipales, Sport et Loisir				
Société d'habitation du Québec	632,5	632,5	-	-
Société québécoise d'assainissement des eaux	191,4	191,4	-	-
	823,9	823,9	-	-
Agriculture, Pêcheries et Alimentation				
Bureau d'accréditation des pêcheurs et des aides-pêcheurs du Québec	0,2	0,2	-	-
Financière agricole du Québec	501,3	482,5	18,8	6,2
Fonds d'assurance-prêts agricoles et forestiers*	17,3	12,8	4,5	8,7
	518,8	495,5	23,3	14,9
Conseil du trésor et Administration gouvernementale				
Disaster Assistance Fund for Certain Areas Affected by the Torrential Rains	6,4	6,4	-	-
Fonds des services gouvernementaux	283,3	272,0	11,3	11,4
Fund in respect of the Ice Storm	27,4	27,4	-	-
Information Technology Fund of the Secrétariat du Conseil du trésor	2,3	2,3	-	-
Société immobilière du Québec	598,9	594,0	4,9	12,0
	918,3	902,1	16,2	23,4
Conseil exécutif				
Québec Youth Fund	14,1	13,9	0,2	0,4
	14,1	13,9	0,2	0,4
Culture et Communications				
Bibliothèque nationale du Québec	36,0	38,7	(2,7)	0,5
Commission de la reconnaissance des associations d'artistes et des associations de producteurs	0,6	0,6	-	-
Conseil des arts et des lettres du Québec	72,5	72,5	-	(0,1)
Musée d'art contemporain de Montréal	10,7	10,7	-	-
Musée de la civilisation	26,5	26,5	-	(0,1)
Musée national des beaux-arts du Québec	16,8	17,2	(0,4)	(1,1)
Régie du cinéma	8,0	3,9	4,1	6,9
Société de développement des entreprises culturelles	57,1	58,0	(0,9)	(0,3)
Société de la Place des Arts de Montréal	28,3	28,6	(0,3)	(0,3)
Société de télédiffusion du Québec	74,3	74,3	-	-
Société du Grand Théâtre de Québec	8,7	8,7	-	-
	339,5	339,7	(0,2)	5,5

APPENDIX 6.3

RESULTS OF AGENCIES AND SPECIAL FUNDS

	2004-2005			2003-2004
	Revenues $M	Expenditures $M	Results $M	Results $M
Développement économique et régional et Recherche				
Centre de recherche industrielle du Québec	34,9	34,9	-	-
Fonds de la recherche en santé du Québec*	82,5	82,5	-	0,1
Fonds québécois de la recherche sur la nature et les technologies*	42,8	43,2	(0,4)	(0,5)
Fonds québécois de la recherche sur la société et la culture*	45,7	46,1	(0,4)	(0,1)
Investissement Québec	399,0	362,0	37,0	30,9
Régie des installations olympiques**	47,6	49,5	(1,9)	6,7
Regional Development Fund	39,9	39,9	-	11,0
Sidbec	0,3	0,3	-	-
Société de développement de la Zone de commerce international de Montréal à Mirabel	-	-	-	(0,4)
Société du Centre des congrès de Québec	18,7	19,5	(0,8)	(0,2)
Société du Palais des congrès de Montréal	56,6	57,5	(0,9)	3,3
Société du parc industriel et portuaire de Bécancour	5,1	5,9	(0,8)	(1,0)
Tourism Partnership Fund	94,8	98,3	(3,5)	-
	867,9	839,6	28,3	49,8
Éducation				
Institut de tourisme et d'hôtellerie du Québec	20,3	20,5	(0,2)	(0,1)
	20,3	20,5	(0,2)	(0,1)
Emploi, Solidarité sociale et Famille				
Assistance Fund for Independent Community Action	26,5	35,0	(8,5)	8,2
Fonds québécois d'initiatives sociales	4,8	15,9	(11,1)	11,1
Information Technology Fund of the Ministère de l'Emploi, de la Solidarité sociale et de la Famille	41,3	41,3	-	-
Labour Market Development Fund	947,7	958,2	(10,5)	(8,3)
Office de la sécurité du revenu des chasseurs et piégeurs cris	19,2	19,2	-	-
	1 039,5	1 069,6	(30,1)	11,0
Environnement				
Société québécoise de récupération et de recyclage	28,5	30,9	(2,4)	3,3
	28,5	30,9	(2,4)	3,3
Finances				
Agence nationale d'encadrement du secteur financier	81,9	63,4	18,5	2,3
Financing Fund	430,6	408,9	21,7	22,9
Fonds du Centre financier de Montréal	2,1	1,8	0,3	(0,4)
Horse-Racing Industry Fund	12,3	12,3	-	-
Institut de la statistique du Québec	22,1	22,8	(0,7)	0,4
Special Olympic Fund	86,9	86,9	-	3,4
	635,9	596,1	39,8	28,6

APPENDIX 6.3

RESULTS OF AGENCIES AND SPECIAL FUNDS

	2004-2005			2003-2004
	Revenues $M	Expenditures $M	Results $M	Results $M
Justice				
Commission des services juridiques	119,3	120,1	(0,8)	(0,2)
Fonds d'aide aux recours collectifs*	1,1	1,4	(0,3)	(0,2)
Fonds d'aide aux victimes d'actes criminels	8,7	9,0	(0,3)	(0,7)
Office des professions du Québec	7,0	6,4	0,6	0,5
Register Fund of the Ministère de la Justice	29,3	29,1	0,2	3,8
Société québécoise d'information juridique	11,8	11,5	0,3	0,7
Tribunal administratif du Québec	28,6	28,6	-	-
	205,8	206,1	(0,3)	3,9
Relations avec les citoyens et Immigration				
Civil Status Fund	16,5	16,5	-	2,4
Government Information Fund	40,4	40,4	-	-
	56,9	56,9	-	2,4
Relations internationales				
Fund for the Management of Québec Immovables on Foreign Soil	9,9	9,9	-	-
Office Québec-Amériques pour la jeunesse	2,4	2,5	(0,1)	0,1
	12,3	12,4	(0,1)	0,1
Ressources naturelles, Faune et Parcs				
Agence de l'efficacité énergétique	8,9	9,8	(0,9)	(0,7)
Commission de la capitale nationale du Québec	22,4	23,9	(1,5)	(0,8)
Fondation de la faune du Québec	6,8	7,0	(0,2)	0,1
Forestry Fund	231,5	227,3	4,2	8,9
Geographic Information Fund	2,0	2,2	(0,2)	(0,2)
Land Information Fund	94,2	83,5	10,7	28,4
Régie de l'énergie	7,8	8,6	(0,8)	0,2
Société nationale de l'amiante	0,3	0,5	(0,2)	(0,4)
	373,9	362,8	11,1	35,5
Revenu				
Collection Fund	83,5	86,6	(3,1)	(2,2)
Fonds des pensions alimentaires***	42,0	42,0	-	-
Information Technology Fund of the Ministère du Revenu	38,1	38,1	-	-
	163,6	166,7	(3,1)	(2,2)
Santé et Services sociaux				
Corporation d'urgences-santé de la région de Montréal métropolitain	80,4	80,4	-	(0,4)
Héma-Québec	284,4	284,4	-	-
Institut national de santé publique du Québec	24,2	24,2	-	-
Prescription Drug Insurance Fund	2 452,6	2 452,6	-	-
Régie de l'assurance maladie du Québec	6 223,8	6 223,8	-	-
	9 065,4	9 065,4	-	(0,4)

APPENDIX 6.3

RESULTS OF AGENCIES AND SPECIAL FUNDS

	2004-2005			2003-2004
	Revenues $M	Expenditures $M	Results $M	Results $M
Sécurité publique				
École nationale de police du Québec	25,0	25,0	-	(0,1)
École nationale des pompiers du Québec	1,2	1,2	-	-
Police Services Fund	396,9	396,9	-	-
	423,1	423,1	-	(0,1)
Transports				
Agence métropolitaine de transport**	229,1	229,1	-	-
Fund for the Contribution of Motorists to Public Transit	66,1	66,1	-	-
Fund for the Sale of Goods and Services of the Ministère des Transports	4,6	4,6	-	-
Road Network Preservation and Improvement Fund	605,7	605,7	-	-
Rolling Stock Management Fund	70,4	70,4	-	-
Société des traversiers du Québec	61,6	62,4	(0,8)	(0,6)
	1 037,5	1 038,3	(0,8)	(0,6)
Travail				
Commissaire de l'industrie de la construction	1,2	1,3	(0,1)	(0,1)
Commission des lésions professionnelles	51,7	52,9	(1,2)	(0,3)
Commission des normes du travail	52,2	52,2	-	1,5
Commission des relations du travail	16,9	16,6	0,3	-
	122,0	123,0	(1,0)	1,1
Total	**16 667,2**	**16 586,5**	**80,7**	**176,5**
Consolidation adjustments	(13 777,2)	(13 952,5)	175,3	90,5
Impact of consolidation	**2 890,0**	**2 634,0**	**256,0**	**267,0**

* This fund should be considered as an agency and not as a special fund.

** Forecast data correspond to the agency's operating fund.

*** This agency also performs fiduciary activities outside of the government reporting entity.

Note 1: Figures are rounded and the sum of the amounts recorded in respect of each agency and special fund may not correspond to the total.

Note 2: The results of government agencies and special funds are presented according to their own accounting policies, i.e. before consolidation adjustments.

APPENDIX 6.4

GOVERNMENT CORPORATIONS

Capital Financière agricole inc.

Corporation d'hébergement du Québec

Financement-Québec

Fonds d'indemnisation du courtage immobilier

Hydro-Québec [1]

Immobilière SHQ

IQ Immigrants Investisseurs inc.

Loto-Québec

Société de développement de la Baie James (SDBJ)

Société de l'assurance automobile du Québec

Société des alcools du Québec

Société des établissements de plein air du Québec

Société générale de financement du Québec

Société Innovatech du Grand Montréal

Société Innovatech du sud du Québec

Société Innovatech Québec et Chaudière-Appalaches

Société Innovatech Régions ressources

1 This corporation also performs fiduciary activities excluded from the government reporting entity.

APPENDIX 6.5

AGENCIES AND FUNDS PERFORMING FIDUCIARY ACTIVITIES

Caisse de dépôt et placement du Québec

Centraide Committee – Public Sector

Commission administrative des régimes de retraite et d'assurances

Commission de la construction du Québec

Public Curator (fiduciary portion)

Fonds d'assurance-garantie administered by the Régie des marchés agricoles et alimentaires du Québec

Fonds central pour le bénéfice des personnes incarcérées

Crop Insurance Fund

Farm Income Stabilization Insurance Fund

Fonds des cautionnements des agents de voyages

Fonds d'indemnisation des services financiers [1]

Fonds du compte de stabilisation du revenu agricole

Fonds des pensions alimentaires (fiduciary portion)

Fonds du régime tripartite d'assurance revenu brut à l'égard des récoltes

Trust funds

Fonds national de formation de la main-d'oeuvre

Hydro-Québec – Pension Plan

Régie des rentes du Québec

1 The Agence nationale d'encadrement du secteur financier combines the functions and the personnel of this fund.

APPENDIX A

DEFINED-PURPOSE ACCOUNTS

DEFINED-PURPOSE ACCOUNTS

- Defined-purpose accounts are not presented in the Expenditure Budget because they concern amounts that are received though a contract or agreement specifying their use for a specific purpose. In such cases, a defined-purpose account may be constituted by the Government in accordance with section 6 of the Financial Administration Act, (2000, chapter 15)

- Financial transactions that pass through a defined-purpose account are governed by all of the regulations, policies and directives applicable to transactions effected from a department's appropriations. These accounts correspond to the notion of income derived from external sources. As long as the service is not rendered or the activity realized, these amounts are considered as debts or liabilities to the lender. Moreover, expenditures and revenue applied to these accounts are submitted to the Auditor General for auditing.

- The forecast payments are presented to supplement the information on the activities of the departments, even though they are not part of their expenditure budget. For 2004-2005, there are 36 defined-purpose accounts divided among 15 government departments.

DEFINED-PURPOSE ACCOUNTS: PAYMENTS AND OTHER DEPARTEMENTAL DEBITS IN 2004-2005

	($ 000)
Affaires municipales, Sport et Loisir	
2000-2007 infrastructure program	130 725,5
Agriculture, Pêcheries et Alimentation	
Financing of agricultural risk management programs	200 538,0
Financing of certain agriculture and fishing activities	5 500,0
Training, partnership and organization of special events	3 660,0
Culture et Communications	
Application of the policy of integration of the arts into architecture and the environment of public government buildings and sites	517,0
Financing autonomous service units - Centre de conservation du Québec	325,0
Training, partnership and organization of special events	60,0
Développement économique et régional et Recherche	
Training, partnership and organization of special events	750,0
Éducation	
Financing of Millennium Scholarships	69 360,0
Minority-language and second-language teaching	7 000,8
Training in federal penitentiaries	4 300,0
Literacy program	3 700,0
Training, partnership and organization of special events	190,0
Environnement	
Financing of autonomous service units - Centre d'expertise en analyse environnementale	3 040,0
Training, partnership and organization of special events	821,2
Persons Appointed by the National Assembly	
Training, partnership and organization of special events	326,0
Relations avec les citoyens et Immigration	
Training, partnership and organization of special events	20,0
Relations internationales	
Training, partnership and organization of special events	400,0
Ressources naturelles, Faune et Parcs	
Training, partnership and organization of special events	987,9
Mining sector cooperation project with Bolivia	806,5
Financing the measure for protecting, securing, redeveloping and restoring the Norebec-Maitou mine site	350,0

DEFINED-PURPOSE ACCOUNTS: PAYMENTS AND OTHER DEPARTEMENTAL DEBITS IN 2004-2005

	($ 000)
Revenu	
Goods and services tax administration	118 573,6
Training, partnership and organization of special events	737,0
Santé et Services sociaux	
Financing of services to seniors with reduced mobility	30 000,0
Financing of the program to assist pathological gamblers	17 000,0
Training, partnership and organization of special events	3 122,9
Sécurité publique	
Administration of the Firearms Act	6 600,0
Financing of the program to assist pathological gamblers	3 000,0
Financing of autonomous service units - Laboratoire de sciences judiciaires et de médecine légale	2 800,0
Training, partnership and organization of special events	1 704,6
Financing of the joint civil defence program	683,8
Transports	
2000-2007 infrastructure program	110 451,7
Airport fixed-asset financing	3 921,0
Improvement of the road network in the Outaouais region of Québec	2,5
Travail	
Financing of the Bureau d'évaluation médicale	2 120,0
Training, partnership and organization of special events	125,0
Total	**734 220,0**

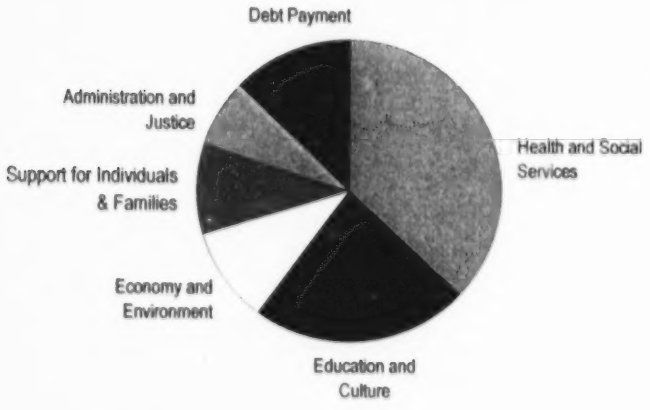
APPENDIX B

2004-2005 EXPENDITURE BUDGET - BREAKDOWN BY MISSIONS

2004-2005 EXPENDITURE BUDGET – BREAKDOWN BY MISSIONS

- The programs appearing in the 2004-2005 Expenditure Budget are consolidated into six missions corresponding to the main functions of the government.
- Although the budgetary structure has changed in fiscal year 2004-2005, the missions remain the same as in 2003-2004.
- The data on the missions do not include expenditures relating to special funds nor those of government agencies whose budget is not voted by the National Assembly.

2004-2005 EXPENDITURE BUDGET – BREAKDOWN BY MISSIONS [1]



	%
Health and Social Services	37.1
Education and Culture	22.9
Economy and Environment	10.3
Support for Individuals & Families	9.6
Administration and Justice	7.3
Debt Payment	12.8
Total	**100.0**

[1] Excluding anticipated lapsed appropriations and appropriations carried over in 2005-2006.

2004-2005 EXPENDITURES BY PORTFOLIO AND MISSION

portfolios	Missions						
	Health and Social Services	Education and Culture	Economy and Environment	Support for Individuals and Families	Administration and Justice	Debt Payment	Total
				($ 000 000)			
Affaires municipales, Sport et Loisir	-	65,1	890,2	-	732,7	-	1 687,9
Agriculture, Pêcheries et Alimentation	-	-	646,9	-	-	-	646,9
National Assembly	-	-	-	-	94,3	-	94,3
Conseil du trésor et Administration gouvernementale	-	-	-	-	568,3	-	568,3
Conseil exécutif	-	-	-	-	262,1	-	262,1
Culture et Communications	-	531,4	-	-	-	-	531,4
Développement économique et régional et Recherche	-	-	812,3	-	-	-	812,3
Éducation	-	11 777,6	-	-	-	-	11 777,6
Emploi, Solidarité sociale et Famille	-	-	903,4	5 067,3	-	-	5 970,6
Environnement	-	-	166,0	-	-	-	166,0
Finances	-	-	-	-	220,7	6 939,0	7 159,7
Justice	-	-	-	171,2	391,8	-	563,0
Persons Appointed by the National Assembly	-	-	-	-	54,4	-	54,4
Relations avec les citoyens et Immigration	-	89,7	-	-	85,9	-	175,6
Relations internationales	-	-	99,8	-	-	-	99,8
Ressources naturelles, Faune et Parcs	-	-	432,5	-	-	-	432,5
Revenu	-	-	-	-	617,7	-	617,7
Santé et Services sociaux	20 071,1	-	-	-	-	-	20 071,1
Sécurité publique	-	-	-	-	885,1	-	885,1
Transports	-	-	1 644,9	-	-	-	1 644,9
Travail	-	-	-	-	63,9	-	63,9
Anticipated Lapsed Appropriations	-	-	-	-	-	-	(150,0) *
Appropriations Carried Over in 2005-2006	-	-	-	-	-	-	(45,3) *
Total Missions	20 071,1	12 463,8	5 596,0	5 238,5	3 976,9	6 939,0	54 090,0 **

Note: Figures are rounded and the sum of the amounts recorded in respect of each portfolio may not correspond to the total.

* Including anticipated lapsed appropriations and appropriations carried over in 2005-2006 are not broken down by mission since they will be allocated among the missions during the course of the year.

** Including anticipated lapsed appropriations and appropriations carried over in 2005-2006, which are not broken down by mission.

MISSION HEALTH AND SOCIAL SERVICES, EXPENDITURES BY PORTFOLIO AND PROGRAM

portfolios and programs	Expenditure Budget 2004-2005	Expenditure Budget 2003-2004	Probable Expenditure 2003-2004	Expenditures 2002-2003	Expenditures 2001-2002
Santé et Services sociaux			($ 000 000)		
National Operations	**278,9**	260,2	265,4	219,5	203,1
Office des personnes handicapées du Québec	**47,6**	47,0	51,7	50,8	46,4
Régie de l'assurance maladie du Québec	**5 220,7**	4 905,2	4 905,2	4 609,7	4 295,0
Regional Operations	**14 523,9**	13 903,6	13 883,0	13 039,0	12 644,4
Total of this Mission	**20 071,1**	19 116,1	19 105,4	17 919,0	17 188,9

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2003-2004 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2004-2005 Expenditure Budget.

MISSION EDUCATION AND CULTURE, EXPENDITURES BY PORTFOLIO AND PROGRAM

portfolios and programs	Expenditure Budget 2004-2005	Expenditure Budget 2003-2004	Probable Expenditure 2003-2004	Expenditures 2002-2003	Expenditures 2001-2002
			($ 000 000)		
Affaires municipales, Sport et Loisir					
Development of Sport and Recreation	**65,1**	67,5	66,6	61,4	67,8
Culture et Communications					
Charter of the French Language	**22,1**	23,5	22,6	24,4	22,9
Internal Management, National Institutions and Commission des biens culturels	**71,8**	76,8	75,4	74,2	71,7
Support for Culture, Communications and Government Corporations	**437,4**	400,8	413,9	391,6	384,2
Éducation					
Administration and Consulting	**123,6**	127,3	124,8	119,3	117,1
Financial Assistance for Education	**291,6**	355,1	350,5	279,6	292,3
Higher Education	**3 646,5**	3 477,9	3 476,3	3 323,4	3 078,1
Pre-school, Primary and Secondary Education	**7 060,9**	6 864,9	6 872,1	6 772,7	6 472,0
Retirement Plans	**637,9**	628,1	628,1	588,7	566,5
Tourism and Hotel Industry Training	**17,1**	17,1	17,1	15,4	15,9
Relations avec les citoyens et Immigration					
Immigration, Integration and Regionalization	**89,7**	114,0	115,0	126,1	125,2
Total of this Mission	**12 463,8**	12 152,9	12 162,4	11 776,9	11 213,7

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2003-2004 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2004-2005 Expenditure Budget.

MISSION ECONOMY AND ENVIRONMENT, EXPENDITURES BY PORTFOLIO AND PROGRAM

portfolios and programs	Expenditure Budget 2004-2005	Expenditure Budget 2003-2004	Probable Expenditure 2003-2004	Expenditures 2002-2003	Expenditures 2001-2002
			($ 000 000)		
Affaires municipales, Sport et Loisir					
Greater Montréal Promotion and Development	**63,7**	62,2	67,4	73,5	83,2
Housing	**323,9**	298,7	300,5	254,5	249,2
Upgrading Infrastructure and Urban Renewal	**502,5**	578,4	568,6	573,4	595,9
Agriculture, Pêcheries et Alimentation					
Bio-food Company Development, Training and Food Quality	**330,3**	319,4	347,1	323,9	334,6
Government Agencies	**316,6**	317,0	317,0	317,3	316,7
Développement économique et régional et Recherche					
Department Administration	**52,5**	52,1	53,4	58,6	60,1
Promotion and Development of Tourism	**118,4**	114,6	133,8	132,6	97,8
Regional and Economic Development	**400,8**	443,8	376,8	652,6	627,3
Research, Science and Technology	**240,6**	237,0	233,9	241,7	222,7
Emploi, Solidarité sociale et Famille					
Employment Assistance Measures	**903,4**	933,8	943,9	968,8	962,2
Environnement					
Bureau d'audiences publiques sur l'environnement	**5,2**	5,6	6,1	6,4	4,8
Environmental Protection	**160,8**	173,2	174,2	170,8	173,3
Relations internationales					
International Affairs	**99,8**	108,5	112,5	110,9	111,3
Ressources naturelles, Faune et Parcs					
Management of Natural Resources and Wildlife	**386,2**	421,4	447,3	466,3	464,4
Promotion and Development of Québec's Capital	**46,3**	42,3	37,3	40,1	37,9
Transports					
Administration and Corporate Services	**92,9**	94,7	91,2	93,8	85,8
Transportation Infrastructures	**1 203,4**	1 058,2	1 060,4	1 050,0	965,3
Transportation Systems	**348,5**	340,7	336,1	284,7	355,4
Total of this Mission	**5 596,0**	5 601,5	5 607,6	5 820,0	5 747,9

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2003-2004 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2004-2005 Expenditure Budget.

MISSION SUPPORT FOR INDIVIDUALS AND FAMILIES, EXPENDITURES BY PORTFOLIO AND PROGRAM

portfolios and programs	Expenditure Budget 2004-2005	Expenditure Budget 2003-2004	Probable Expenditure 2003-2004	Expenditures 2002-2003	Expenditures 2001-2002
			($ 000 000)		
Emploi, Solidarité sociale et Famille*					
Assistance Measures for Families and Children	**1 848,7**	1 802,7	1 791,8	1 638,0	1 542,0
Financial Assistance Measures	**2 996,1**	3 038,0	3 038,9	2 987,3	2 884,9
Management Support	**222,4**	233,7	218,6	228,6	246,7
Justice					
Assistance to Persons Brought before the Courts	**171,2**	170,3	191,1	177,9	168,2
Total of this Mission	**5 238,5**	5 244,8	5 240,4	5 031,8	4 841,9

* An adjustment was made in order to present 2003-2004 probable expenditure and expenditures from previous years on the same basis as in 2004-2005. This adjustment led, for 2003-2004 and previous years, to a $132 million decrease in the "Emploi, Solidarité sociale et Famille" portfolio in order to take into account financial assistance measures, which will be entered as a reduction in budget revenues beginning on January 1, 2005.

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2003-2004 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2004-2005 Expenditure Budget.

MISSION ADMINISTRATION AND JUSTICE, EXPENDITURES BY PORTFOLIO AND PROGRAM

portfolios and programs	Expenditure Budget 2004-2005	Expenditure Budget 2003-2004	Probable Expenditure 2003-2004	Expenditures 2002-2003	Expenditures 2001-2002
			($ 000 000)		
National Assembly					
Secrétariat général adjoint aux affaires administratives	**31,9**	31,8	31,8	32,7	29,0
Secrétariat général, parliamentary affairs and institutional affairs	**18,2**	18,2	18,2	15,8	16,3
Statutory Support Services for Parliamentarians	**44,2**	44,1	44,1	43,2	42,8
Persons Appointed by the National Assembly					
Administration of the Electoral System	**24,5**	67,8	67,8	37,9	27,2
The Auditor General	**19,3**	19,3	19,3	17,2	15,6
The Lobbyists Commissioner	**2,6**	2,6	2,1	0,8	-
The Public Protector	**8,0**	8,0	7,9	7,6	7,1
Affaires municipales, Sport et Loisir					
Commission municipale du Québec	**3,1**	3,4	3,4	3,3	3,1
Compensation in lieu of Taxes and Financial Assistance to Municipalities	**660,1**	499,7	496,5	552,2	564,7
General Administration	**54,9**	54,7	57,7	50,7	49,0
Régie du logement	**14,6**	14,6	14,6	14,9	13,7
Conseil du trésor et Administration gouvernementale					
Commission de la fonction publique	**3,4**	2,8	2,8	2,6	2,3
Contingency Fund	**123,6**	194,3	-	-	-
e-Government	**15,7**	13,8	9,3	6,8	6,4
Retirement and Insurance Plans	**295,9**	292,2	292,2	312,9	311,9
Secrétariat du Conseil du trésor	**129,7**	188,5	183,9	201,0	154,1
Conseil exécutif					
Canadian Intergovernmental Affairs	**12,8**	12,3	12,7	11,7	10,5
Lieutenant-Governor's Office	**0,9**	0,9	1,1	1,1	1,1
Native Affairs	**157,0**	129,8	102,8	76,0	40,2
Reform of Democratic Institutions	**1,3**	1,6	1,7	0,8	-
Support Services for the Premier and the Conseil exécutif	**69,3**	71,6	37,9	40,0	33,4
Youth	**20,9**	12,6	12,1	9,4	8,8
Finances					
Budget and Taxation Policy, Economic Analysis and Administration of Government Financial and Accounting Activities	**160,2**	144,3	81,5	61,6	55,8
Department Administration	**60,5**	71,3	70,6	65,1	59,9

MISSION ADMINISTRATION AND JUSTICE, EXPENDITURES BY PORTFOLIO AND PROGRAM (CONT'D.)

portfolios and programs	Expenditure Budget 2004-2005	Expenditure Budget 2003-2004	Probable Expenditure 2003-2004	Expenditures 2002-2003	Expenditures 2001-2002
			($ 000 000)		
Justice					
Administration of Justice	**309,7**	301,0	302,5	286,0	265,8
Administrative Justice	**11,1**	10,5	10,5	9,5	9,7
Judicial Activity	**71,0**	69,4	69,4	68,5	65,3
Relations avec les citoyens et Immigration					
Advisory and Protection Organizations Reporting to the Minister	**25,5**	25,8	25,8	27,1	25,7
Citizen Relations and Management of Identity	**19,5**	23,0	24,6	45,8	24,9
Public Curator	**33,8**	36,8	36,8	39,9	36,9
Status of Women	**7,1**	7,3	7,3	7,3	7,0
Revenu					
Tax Administration	**617,7**	632,3	642,4	778,5	612,9
Sécurité publique					
Agencies Reporting to the Minister	**25,5**	25,5	28,2	28,3	27,2
Security, Prevention and Internal Management	**415,1**	411,1	439,9	407,6	383,8
Sûreté du Québec	**444,5**	453,5	455,9	434,9	388,3
Travail					
Labour	**63,9**	63,5	69,3	69,8	87,7
Total of this Mission	**3 976,9**	3 959,7	3 684,3	3 768,6	3 387,9

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2003-2004 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2004-2005 Expenditure Budget.

MISSION DEBT PAYMENT, EXPENDITURES BY PORTFOLIO AND PROGRAM

portfolios and programs	Expenditure Budget 2004-2005	Expenditure Budget 2003-2004	Probable Expenditure 2003-2004	Expenditures 2002-2003	Expenditures 2001-2002
			($ 000 000)		
Finances					
Debt Service and Interest on the Retirement Plans Account	**6 939,0**	6 668,0	6 668,0	6 535,7	6 686,5
Total of this Mission	**6 939,0**	6 668,0	6 668,0	6 535,7	6 686,5
Anticipated Lapsed Appropriations	**(150,0)**				
Appropriations Carried Over in 2005-2006	**(45,3)**				
Mission Total	**54 090,0**	**52 468,0**	**52 468,0**	**50 852,0**	**49 066,9**

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2003-2004 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2004-2005 Expenditure Budget.

APPENDIX C

ECONOMIC AND BUDGETARY INDICATORS

C.1

CHANGES OVER 15 YEARS IN SELECTED INDICATORS SPECIFIC TO QUÉBEC

	Population [1]	GDP Growth rate [2]	Inflation rate in Canada [3]	Program spending as % of GDP	Program spending per capita	
	In thousands	%	%	%	$	% variation
1990-1991	7,004	3.3	4.8	20.9	4,570	8.7
1991-1992	7,065	1.2	5.6	22.3	4,895	7.1
1992-1993	7,108	2.1	1.5	22.8	5,085	3.9
1993-1994	7,155	2.4	1.8	22.3	5,050	(0.6)
1994-1995	7,192	5.1	0.2	21.6	5,123	1.4
1995-1996	7,219	4.0	2.2	20.7	5,076	(0.9)
1996-1997	7,247	1.8	1.6	19.5	4,857	(4.3)
1997-1998	7,275	4.4	1.6	18.8	4,873	0.3
1998-1999	7,296	4.2	0.9	18.7 [4]	5,196	6.6
1999-2000	7,323	7.4	1.7	18.3	5,271	1.4
2000-2001	7,357	6.8	2.7	18.1	5,539	5.1
2001-2002	7,397	3.3	2.6	18.2	5,729	3.4
2002-2003	7,444	5.6	2.2	18.0	5,953	3.9
2003-2004 [F]	7,487	5.2	2.8	17.7	6,117	2.7
2004-2005 [F]	7,529	4.3	1.5	17.5	6,262	2.4

Sources: Secrétariat du Conseil du trésor du Québec for program spending data, Statistics Canada and Ministère des Finances du Québec for economic data.

1 Population as at July 1 of the fiscal year considered.

2 The GDP is calculated on a nominal basis, taking the annual average for the calendar year ending three months before the end of the fiscal year considered.

3 For the calendar year ending three months before the end of the fiscal year considered.

4 Rate corrected to exclude the impact of extraordinary expenditures effected in 1998-1999 to implement the financial restructuring and consolidation plan for health and social services establishments, for an amount of $1,007.0 million, and to improve the financial position of universities, for an amount of $170.0 million. With these amounts included, the rate would have been 19.3%.

F Forecast.

C.2

CHANGES IN EXPENDITURES OVER 15 YEARS

	Program spending [1]		Debt service		Total expenditures [2]	
	$ million	% variation	$ million	% variation	$ million	% variation
1990-1991	32,010	9.9	4,437	10.5	36,447	9.9
1991-1992	34,579	8.0	4,666	5.2	39,245	7.7
1992-1993	36,143	4.5	4,756	1.9	40,899	4.2
1993-1994	36,136	0.0	5,316	11.8	41,452	1.4
1994-1995	36,844	2.0	5,882	10.6	42,726	3.1
1995-1996	36,643	(0.5)	6,034	2.6	42,677	(0.1)
1996-1997	35,195	(4.0)	5,855	(3.0)	41,050	(3.8)
1997-1998	35,449	0.7	6,765	15.5	42,214	2.8
1998-1999	37,907	2.0 [3]	6,573	(2.8)	44,480	5.4
1999-2000	38,599	1.8	6,752	2.7	45,351	2.0
2000-2001	40,751	5.6	6,972	3.3	47,723	5.2
2001-2002	42,380	4.0	6,687	(4.1)	49,067	2.8
2002-2003	44,316	4.6	6,536	(2.3)	50,852	3.6
2003-2004 [4]	45,800	3.3	6,668	2.0	52,468	3.2
2004-2005 [F]	47,151	2.9	6,939	4.1	54,090	3.1

1 Program spending is shown according to the 2004-2005 budget structure and includes changes made to the presentation of portfolios as well as adjustments to the "Emploi, Solidarité sociale et Famille " portfolio to take into account financial aid measures that will be charged against budget revenue starting January 1, 2005.

2 Total expenditures exclude consolidated agencies.

3 Rate corrected to exclude, on the one hand, the impact of the Canada-Québec Labour Market Agreement, which came into force in 1998-1999, for an amount of $584.3 million, and, on the other hand, the impact of extraordinary expenditures effected in 1998-1999 to implement the financial restructuring and consolidation plan for health and social services establishments, for an amount of $1,007.0 million, and to improve the financial position of the universities, for an amount of $170.0 million. The growth rate, taking these expenditures into account, would have been 6.9%.

4 Probable expenditure.

F Forecast.

C.3

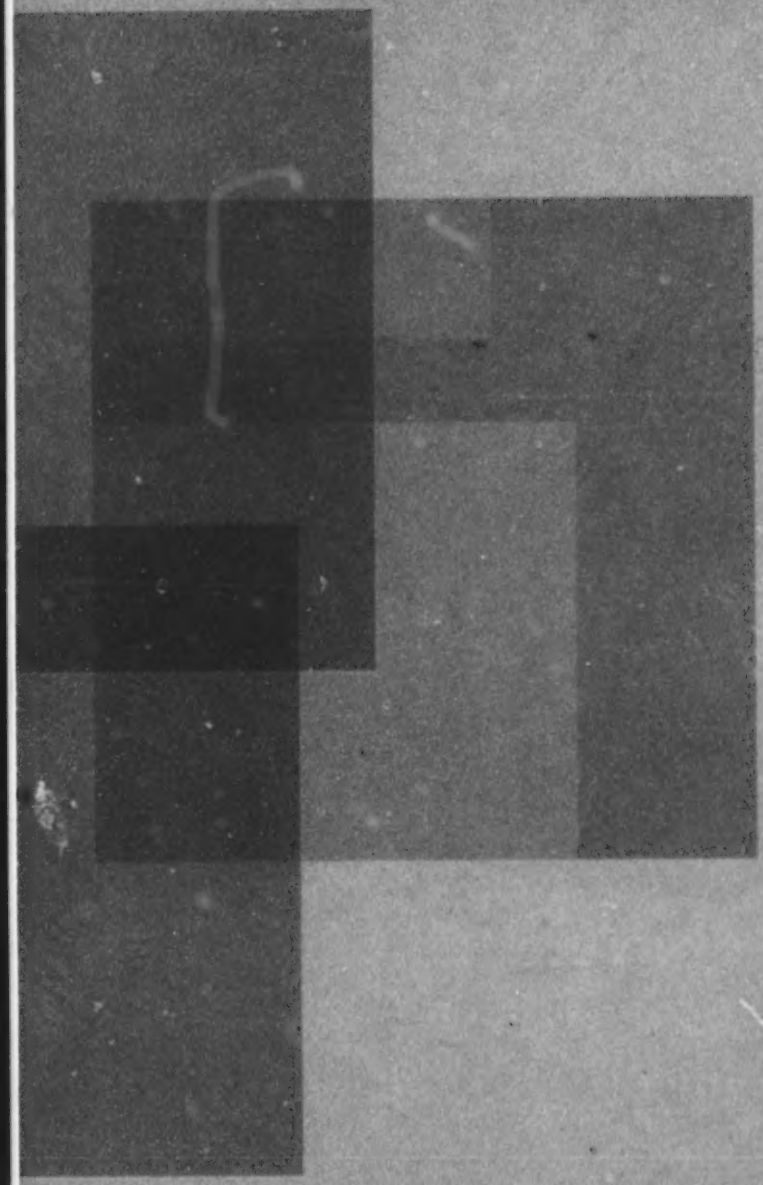
EXPENDITURES BY PORTFOLIO FROM 1990-1991 TO 2004-2005 (MILLIONS OF DOLLARS)

	Expenditure Budget 2004-2005	Probable Expenditure 2003-2004	Actual Expenditures 2002-2003	2001-2002	2000-2001
Affaires municipales, Sport et Loisir	1 688	1 575	1 584	1 626	1 388
Agriculture, Pêcheries et Alimentation	647	664	641	651	714
National Assembly	94	94	92	88	80
Conseil du trésor et Administration gouvernementale	568	488	523	475	446
Conseil exécutif	262	168	139	94	79
Culture et Communications	531	512	490	479	528
Développement économique et régional et Recherche	812	798	1 086	1 008	1 095
Éducation	11 778	11 469	11 099	10 542	10 124
Emploi, Solidarité sociale et Famille*	5 971	5 993	5 823	5 636	5 530
Environnement	166	180	177	178	155
Finances	221	152	127	116	115
Justice	563	573	542	509	468
Persons Appointed by the National Assembly	54	97	63	50	42
Relations avec les citoyens et Immigration	176	210	246	220	185
Relations internationales	100	112	111	111	104
Ressources naturelles, Faune et Parcs	432	485	506	502	564
Revenu	618	642	778	613	715
Santé et Services sociaux	20 071	19 105	17 919	17 189	16 095
Sécurité publique	885	924	871	799	744
Transports	1 645	1 488	1 429	1 406	1 501
Travail	64	69	70	88	79
Change in the Provision for Losses on Equity Investments	-	-	-	-	-
Anticipated Lapsed Appropriations	(150)				
Appropriations Carried Over in 2005-2006	(45)				
Program spending	**47 151**	**45 800**	**44 316**	**42 380**	**40 751**
Debt Service	6 939	6 668	6 536	6 687	6 972
Total Expenditures	**54 090**	**52 468**	**50 852**	**49 067**	**47 723**

* Program spending is presented according to the 2004-2005 budget structure and includes changes in the presentation of the portfolios as well as corrections to the "Emploi, Solidarité sociale et Famille" portfolio in order to take into account financial assistance measures, which will be entered as a reduction in budget revenues beginning on January 1, 2005.

Note: Figures are rounded and the sum of the amounts recorded in respect of each portfolio may not correspond to the total.

Actual Expenditures									
1999-2000	**1998-1999**	**1997-1998**	**1996-1997**	**1995-1996**	**1994-1995**	**1993-1994**	**1992-1993**	**1991-1992**	**1990-1991**
1 137	1 020	1 213	1 275	1 452	1 444	1 329	1 307	1 213	1 108
514	531	499	585	643	640	657	660	685	693
74	74	67	80	86	86	81	83	83	81
384	422	605	607	511	534	516	578	537	529
193	53	49	52	64	65	53	50	48	42
482	511	409	409	418	428	443	448	401	375
963	895	665	614	727	783	633	768	647	631
9 820	9 573	9 444	10 035	10 450	10 442	10 151	10 357	9 966	9 426
5 470	5 541	4 970	4 933	4 994	4 947	4 794	4 456	3 967	3 309
220	160	135	162	176	181	187	197	183	187
90	82	147	81	84	90	95	99	100	108
459	487	454	460	454	489	495	495	465	431
41	94	36	42	99	86	38	84	35	34
149	153	142	149	149	152	160	164	160	117
98	88	77	83	100	95	100	104	98	90
604	506	439	453	475	509	546	580	585	583
721	845	1 085	631	511	490	557	559	526	478
14 826	14 595	12 922	12 863	13 040	13 073	12 946	12 701	12 347	11 316
700	703	664	696	719	719	713	742	779	835
1 573	1 502	1 359	927	1 460	1 551	1 533	1 614	1 663	1 588
81	72	68	69	70	74	69	79	76	73
-	-	-	(11)	(39)	(34)	40	18	15	(24)
38 599	**37 907**	**35 449**	**35 195**	**36 643**	**36 844**	**36 136**	**36 143**	**34 579**	**32 010**
6 752	6 573	6 765	5 855	6 034	5 882	5 316	4 756	4 666	4 437
45 351	**44 480**	**42 214**	**41 050**	**42 677**	**42 726**	**41 452**	**40 899**	**39 245**	**36 447**



Conseil du trésor
Québec